

**The Mediating Influence of Strategic Planning and Moderating effect  
of Organisational Culture on the Relationship between Egyptian SMEs'  
Leadership Style and their Financial Performance**

**A Thesis Submitted to the University of West London  
in Partial Fulfilment of the Requirements for the Degree of  
Doctor of Philosophy**

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## **Abstract**

The purpose of this thesis is to investigate the potential mediating influence of strategic planning practices and moderating impact of organisational culture dimensions on the leadership-performance relationship within SMEs operating in Egypt. To achieve the research aim, and answer the research questions, five empirical models were developed based on a review of the existing literature in order to test the research hypotheses.

This research adopted a quantitative, positivist, deductive approach using self-administered questionnaires to elicit data from SME managers operating within an Egyptian context. Convenience sampling was employed to collect data from target respondents followed by a snowballing technique. In total one thousand questionnaires were sent out to a range of SME management levels operating in Egypt using a postal survey method. 309 questionnaires were returned representing a response rate of 30.9%. Of these 283 questionnaires were complete and were subjected to analysis using multiple linear regression to interrogate the research questions. Exploratory factor analysis (EFA) and confirmatory factor analysis were conducted (CFA) to ensure the proposed measurements scales used in the questionnaire are appropriate for the study.

Overall findings revealed that leadership styles namely: transformational and transactional have a positive significant impact on SME performance while passive-avoidant do not. Secondly, results demonstrate that the transactional leadership style has the most impact on strategic planning, followed by the transformational style. In addition, the results indicate that the passive avoidant style has a negative impact on the practice of strategic planning within SMEs. Findings show that internal orientation and strategic techniques are positively correlated to SME performance, whereas, external focus and involvement of key personal have an insignificant impact on performance. Mediation analysis shows that impact of leadership styles on performance is mediated by strategic planning practices. Finally, the moderation regression result indicates that the hierarchy culture dimension moderates the impact leadership styles on performance.

This research contributes to the literature regarding the mediation influence of strategic planning on leadership-SMEs financial performance relationship, as it is the first study to test mediation and moderation of strategic planning and organisational performance on leadership-SMEs financial performance. Also, the current study enhances the existing body of knowledge of strategic planning and resource-based view (RBV) by being the first study to report the practice of strategic planning in SMEs operating within a developing economy. Moreover, this study provides a novel contribution to the growing literature on leadership, strategic planning, organisational culture and SME performance, particularly for developing countries, the Middle East and North African countries (MENA) such as Egypt. The study presents a new, valid and comprehensive model that provides practical implications for SME managers on the important role of the mediating influence of strategic planning and the moderating effect of organisational culture. The Leadership-SME performance model could be used as a guide for implementing organisational change including cultural or managerial styles to improve SME performance. Where, the proposed model serves as a blue print for managers to improve efficiency of operation within SMEs, as well as enhancing market competitiveness within the industry they serve.

In conclusion, this study provides empirical evidence on the connection among leadership styles, strategic planning practices, organisational culture dimensions, and SME performance in Egypt. Thereby stimulating the need for further research that incorporates a cultural context in leadership and organisational performance studies for large organisations. Furthermore, it provides practical implications for managers/leaders by identifying the leadership behaviours and organisational mechanisms required to enhance strategic planning practices and overall performance.

**Declaration**

This work has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature for any degree. To the best of my knowledge and belief, this thesis contains no material previously published or written by another person except where due reference is made in the thesis itself.

Signed Yehia Nawar (PhD Candidate)

Date 15/08/2018

## DEDICATION

*To my parents; Eiman and Sabri and my brothers; without their love, patience and support, this endeavour would not have been possible. I love you all and thank you for your support!*

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## List of Acronyms

Acronyms	Full Name
AC	Adhocracy Culture
ANOVA	Analysis of Variance
AVE	Average Variance Extracted
CC	Clan Culture
CFA	Confirmatory Factor Analysis
EFA	Exploratory Factor Analysis
EO	External Orientation
FA	Firm Age
FI	Firm Industry
FO	Firm Ownership
HC	Hierarchy Culture
IC	Individual Consideration
IIA	Idealised Influence Attributed
IIB	Idealised Influence Behaviours
IKP	Involvement of key Personnel
IM	Inspirational Motivation
IO	Internal Orientation
LF	Laissez-Faire
MC	Market Culture
MENA	Middle East and North Africa
MSME	Micro Small and Medium Enterprises
OC	Organisational Culture
OLS	Ordinary Least Square
OP	Organisational Performance
PALS	Passive-Avoidant Leadership Style
PLS	Partial Least Square
PCA	Principal Component Analysis
ROA	Return on Assets
ROE	Return on Equity
ROI	Return on Investment
SD	Standard Deviation
SE	Standard Errors of the Mean



<b>SMEs</b>	Small and Medium Enterprises
<b>SPP</b>	Strategic Planning Practices
<b>SPT</b>	Strategic Planning Techniques
<b>SRMR</b>	Standardised Root Mean Square Residual
<b>TALS</b>	Transactional Leadership Style
<b>TFLS</b>	Transformational Leadership Style

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## **Chapter 1 : Introduction and Background of Study**

### **1.1 Introduction**

This chapter starts by illustrating and presenting the research background and a brief theoretical background of the main research variables: Leadership styles, SME performance, organisational culture and strategic planning. It then presents the research aims and objectives that will address research questions aimed to satisfy a gap in the existing literature in addition it will present an overview of the applied methodology used, and expand upon the scope of the thesis. Finally, the research contribution will be discussed. An itemised structure of the thesis will be presented at the end of the chapter.

### **1.2 Research Background**

Globally, researchers within organisations, as well as economists have discussed the significant impact of small and medium enterprises (SMEs) on boosting and increasing the economic growth rate of developed and developing economies (Milwaukee et al. 2001; Kaur and Sharma, 2014; Hasan et al., 2014; Votoupalova et al., 2015;). According to Pushpakumari and Wijewickrama (2008), SMEs are considered the cornerstone for ensuring sustainable development for both the private and public sector in the major developed countries such as the United Kingdom and Japan. Moreover, SMEs are considered the prime source of technological advancement and innovation in western countries (Hasan et al., 2014) helping create the appropriate environment for promoting investment and entrepreneurship (Keskin and Senturk, 2010).

SMEs make significant contributions in the development process of a modern economy, as they help in increasing economic welfare, providing high levels of self-confidence and empowerment of the individuals themselves as well as enhancing the quality of life and political stability (Votoupalova et al., 2015). Additionally, SMEs are the backbone of many economies in developing countries as their role is not limited only to the creation of new job opportunities they also play a role in reducing unemployment and are considered the most important channel for development in different sectors such as manufacturing, construction, services and agriculture (Lin, 1998; Tan and Tan, 2014).

Currently, Leadership, Organisational Culture, and Strategic Planning concepts have been a subject of growing interest for both academics and professionals in the field of Management (Antonakis and House, 2014; Nazarian et al., 2014). In fact, those concepts are together considered as the key success factor for many organisations in both developed and developing countries. Moreover, Leadership, Organisational Culture, and Strategic Planning process have been seen as the prime vehicle for ensuring and sustaining SMEs survival as well as their growth of performance (Knippenberg and Sitkin, 2013; Lahtero and Risku, 2014).

### **1.3. Theoretical Background of the Study**

#### **1.3.1 Small and Medium Enterprises (SMEs)**

According to Milwaukee et al. (2001), successful SMEs play a key role in most of the developing countries, especially in the Middle East and North Africa in terms of reducing the rate of unemployment and creating new job opportunities. Studies show that SMEs provide developing economies with more than 60 percent of job

opportunities each year. Moreover, they helped in increasing the employment rate by more than 40 percent at the beginning of the 21st century (Thaibault, 2010).

Small and Medium Enterprises (SMEs) are considered the most crucial element in any economy. In Egypt, the focus of the current research, SMEs account for nearly 70% - 80% of the Gross Domestic Product (GDP). They also employ nearly 66% of the total workforce and represent 75% of total non-agriculture man power. In respect of production, Small Enterprises contribute to nearly 13% of the total industrial production whereas Medium Enterprises account for nearly 46% of industrial production, with the remaining 41% comprised of large companies (Elsaady, 2011). Accordingly, the contribution of SMEs to the Egyptian economy is significant from all aspects. Access to information in the SMEs is the main challenge, as a large portion of the SMEs operate in the informal sector (El Said et al., 2013). The last official report for Central Agency for Public Mobilization and Statistics (CAPMAS) regarding SMEs was in 2006 when SMEs reached 2.45 million in total accounting for more than 90% of the total private enterprises in Egypt, at that time. By 2015 it is estimated that SMEs had reached nearly 2.78 million enterprises in number with an annual increase in SMEs of nearly 37,000 enterprises (Elbekpashy and Elgiziry, 2018).

A unified official definition of an SME doesn't exist in Egypt as there is a vast array of definitions. Thus, the researcher tries to define how SMEs work within the Egyptian emerging economy. According to the Egyptian Ministry of Finance (2005), the SME sector in Egypt differs from one entity to another depending on their usage, activities, and policy objectives. However, a unified definition is needed, as it makes it easier to manage and handle the problems of that sector. According to Rashed and Sieverding (2014) there is no agreement on one operational definition of SMEs in Egypt yet, but

there exists some agreement on the general criteria used to define SMEs operating within the Egyptian context. **The current thesis adopted the below criteria to define SMEs operating in the Egypt:**

1. Number of workers in the enterprise.
2. Fixed assets owned by the enterprise.
3. Annual Sales Revenue.
4. Sectorial definition, which is based on changes within the sector.

### **1.3.2 Leadership Styles**

The leadership phenomenon has captured the attention and interest of many academics in the past decades all over the world within the organisational context due to its crucial role in organizations and its direct influence on group processes and outcomes (Bass, 1990). Furthermore, Leadership has a significant importance in the growth and development of many organizations (Schein, 2010). Leadership is considered one of the most extensively researched topics in behavioural science. There is no one single definition of the leadership process since leadership has been studied in different ways in different situations from different researchers' perspectives and methodological preferences (Yukl, 2012; Aziz and Abdullah, 2013; Stanislavov and Ivanov, 2014). The current thesis adopted Yukl and Van Fleet's definition of leadership (1992, p.149) defined leadership as:

*"A process that includes influencing the task objectives and strategies of a group or organization, influencing people in the organisation to implement the strategies and achieve the objectives, influencing group maintenance and identification, and influencing the culture of the organization".*

Accordingly, Tosi, Rizzo, and Carroll (1994, p.550) suggested that “Leadership is an interpersonal influence in which one person is able to gain compliance from another in the direction of organisationally desired goals.” Finally, Robbins and Judge (2013, p.368) defined leadership as “The ability to influence a group toward the achievement of goals.”

According to Ahn et al. (2004), leadership plays a significant role in the growth and development of organisations. Where, leaders and managers of the firm take all the initiatives and business decisions regarding the achievement of organisational goals and objectives. In addition, Avolio et al. (2003), stated that effective and timely decisions are taken by the leadership of the organization to improve business performance. Schein (2010) added that both leadership and organisational culture are two sides of the same coin; neither can be understood on its own. Where, leaders achieve, companies formulate and implement companies’ strategies through the creation and management of organisational culture.

#### **1.3.2.1 History and Development of Leadership Theory**

Leadership as a concept captured the attention and interest of many researchers and academics in the beginning of the 20<sup>th</sup> century, especially in 1900 with a focus on the theory of “Great Man” (Paracha and Qamar, 2012). The trait theory of leadership has emphasized the common traits and characteristics that differentiate leaders from their subordinates (Stogdill, 1974; Haider and Riaz, 2010), whereas the trait theory has been criticized due to the difficulties related to the identification of characteristics related to the leaders.

Consequently, another theory of leadership has raised the attention of researches, namely Behaviour-Traits theories in the late 1960s. In fact, behavioural theory was



based on the behaviours and styles that leaders used and adopted (Likert, 1961; Jung and Takeuchi, 2010). A few years later, from late 1960 till 1980, a new school of thought shed light on situational/contingency theory (Fiedler, 1967, 1996; House, 1971; Sayeed, 2012). At the end of the twentieth century, the most recent theory of leadership was developed by Burns (1978), namely the transformational and transactional leadership. Later, Bass and Avolio (1993) developed the full-range leadership theory, which included the new style of passive-avoidant. Transactional leaders were described as leaders who focused on exchanging relationship with their subordinates (Bass et al., 2003; Givens, 2008; Metwally et al., 2014).

### **1.3.3 Organisational Culture**

According to Schein (2010), when considering organisational change, the cultural aspect of change is probably the most difficult to gauge. Where, researchers in organisational studies all agree that culture is a very difficult word to define. Organisational culture as a concept has raised the attention of many academics as well as researchers in the last decade of the 20<sup>th</sup> century, specifically in the 1980s (Smircich, 1983). According to Schein (2010), Organisational Culture is defined as the shared values, beliefs, norms, expectations and assumptions, which function like a glue holding employees and organization's systems together and stimulating employees' performance and commitment. According to Alvesson (2010;2012), the existence of culture inside organisations is seen as the glue that keeps the organisation united and gives employees a sense of belonging and commitment.

Organisational Culture can be viewed from two different perspectives: Anthropology and Sociology (Cameron and Ettington, 1988; Cameron and Quinn, 2011). Within each perspective, it is sub-divided into Functionalist and Semiotic. According to Cameron and

Quinn (2011). The following table (Table 1.1) summarises two different perspectives of the practice of culture within organisations:

**Table 1.1 Two Perspectives of Organisational Culture.**

<b>Anthropology.</b>	
<p><i>1. Functionalist</i></p> <ul style="list-style-type: none"> <li>- Organisation is culture</li> <li>- Culture is a dependent variable in an organization</li> <li>- Treats culture as something</li> <li>- Focuses on collective assumption</li> <li>- Researcher interprets data subjectively</li> <li>- Outside observation by investigation</li> </ul>	<p><i>2. Semiotic</i></p> <ul style="list-style-type: none"> <li>- Culture is everything and is reality</li> <li>- Focuses on individual assumption</li> <li>- Natively interprets data by participant involvement</li> <li>- Immersion required for investigation</li> <li>- Culture as dependent</li> </ul>
<b>Sociology.</b>	
<p><i>1. Functionalist</i></p> <ul style="list-style-type: none"> <li>- Organisation has culture</li> <li>- Culture is an independent variable in an organization</li> <li>- Treats culture for something</li> <li>- Focuses on collective behaviour</li> <li>- Researcher interprets data objectively</li> </ul>	<p><i>2. Semiotic</i></p> <ul style="list-style-type: none"> <li>- Culture helps to make sense of reality</li> <li>- Focuses on individual cognition</li> <li>- Natively interprets data by participant observation</li> <li>- Immersion required for observation</li> <li>- Culture as an independent variable</li> </ul>

*Source:* Adapted from Cameron and Quinn, 2011.

Table 1.1 shows the results of practical investigation of culture within organisation. According to Cameron and Quinn (2011) organisational culture is seen as something that organisations are, which is the view of anthropology. Anthropologist consider organisational culture as metaphor or organisation is the culture. Whereas sociologists consider organisation culture as something that organisations have or attribute variable existing inside the organisation. Finally, Schein (2010), described the practice of culture with organisations as a pattern of shared values, assumptions and beliefs that has been developed by a group of people who work in the same organisation.

### 1.3.4 Strategic Planning

Strategic planning as a terminology is considered as a relatively modern term in business studies, which dates back to the mid-20th century. At first, Strategic Management gained its reputation primarily within the military. A few years later, the term became usable in business activities and governmental agencies. According to studies by Boyd (1991) and Guerras-Martin et al. (2014) Strategic Management is considered a management tool, which includes different components that enable an organization to establish its goals and objectives in a proper way.

Additionally, Strategic Planning is seen as an effective tool for generating as well as evaluating organisational strategy (Skokan et al., 2013). In the same fashion, Bateman and Zeithml (1989) defined Strategic planning as an organisational process in which decisions are made by different departments concerning specific future goals and activities. **The current thesis adopted Robson's** (1994, p.15) comprehensive definition of Strategic Planning: "the process of developing and maintaining consistency between the organization's objectives and resources and its changing opportunities".

According to Skokan et al. (2013), strategic planning helps an organisation to achieve a better job performance by focusing on its energy and ensuring that members of the organisation are working towards achieving common goals and objectives. In addition, the importance of strategic planning is not limited to the private sector, but it can also be traced to the context of the government and public sector, as it helps in providing guidance or a 'roadmap' for public policy and laws (Aldehayyat and Khattab, 2012).

According to Desai (2000), the importance of the strategic planning process is well documented in SMEs. It provides managers/owners of SMEs with a 'roadmap' that helps

them to know where they are going and how they will achieve their main goal. Also, it helps them identify uncertainties that exist in the external environment they are dealing with. Also, strategic planning helps SME managers with creating link and integration between their mission, vision and goals, as well as helping them direct their available resources towards achieving those goals (Fraser and Stupak, 2002; Goncalves, 2009). Strategic planning helps to identify business problems and their causes, as well as provide manageable solutions. Furthermore, Sandada et al. (2014), in their research about the practice of strategic planning in South African SMEs, suggested that strategic planning is seen as an effective tool for helping SMEs overcome obstacles while dealing with a highly dynamic and competitive marketplace.

### **1.3.5 Organisational Performance**

Performance as a concept has been widely used and observed in Social Science research. The term has been extensively used in the literature related to the management field, i.e. strategy, leadership, operations and organisational studies. Performance as terminology has attracted the attention of many scholars and there exists a lack of unified definition as noted by Lebas' (1995, p.25) who comments: "Few people agree on what performance really means; it can mean anything from efficiency to robustness or resistance or return on investment, or plenty of other definitions never fully specified". According to Lebas and Euske (2006, p.71), financial performance is defined as a "Set of financial and non-financial indicators, which offer information on the degree of achievement of objectives and results". According to Venkatraman and Ramanujam's (1986) model of firm performance on the Basis 2 second-order dimensions, there are differences between the financial and non-financial measurement of performance:

The following table provides summary of the differences between the measurement of financial and non-financial performance within organisations.

**Table 1.2 Firm Performance- Financial and Non-Financial Indicators**

Financial Indicators	Non-Financial Indicators
(a) Profitability	(a) Customers' satisfaction
(b) Growth	(b) Employees' satisfaction
(c) Market Value	(c) Environmental Performance
	(d) Social Performance

*Source:* Adapted from Venkatraman and Ramanujam, 1986 and Santos and Brito,2012.

According to Venkatraman and Ramanujam (1986), measuring organisational performance involves the use of financial and non-financial indicators. Chakravarthy (1986) argued that if a company could achieve a higher financial performance, this will lead to the satisfaction of more investors. Lumpkin and Dess (1996) suggested the use of multi-dimensional constructs to measure both financial and non-financial performance of organisations. On the other hand, Cho and Pucik (2005) and Venkatraman and Ramanujam (1986) suggested three main ways of measuring financial performance, these are profitability; firm growth rate and the market value of the firm. According to Glick et al. (2005), profitability refers to the ability of the firm to generate a return based on its past performance. Firm growth reflects the ability of the firm to increase its size regardless of the changes in its profitability. If the size of the firm is bigger, it will be enabled to apply economies of scale and generate more cash. The last one is market value, which reflects the external assessment and expectation of the performance of the firm in the future (Whetten, 1987).

## **1.4 Rationale of the Study**

Recently, Leadership Styles, Organisational Culture, and Strategic Planning concepts have been a subject of growing interest for both academics and professionals in the field of Management. Those concepts are together considered a key success factor for many organizations in both developed and developing countries (Yucel et al., 2013; Nazarian et al., 2014; Stanislavov and Ivanov, 2014; Lisak and Erez, 2015). Moreover, Leadership Styles, Organisational Culture, and Strategic Planning processes have been seen as the prime vehicle to ensure and sustain SMEs financial performance and growth (Aziz and Abdullah, 2013; Muogbo, 2013; Zaridis and Mousiolis, 2014).

Several studies have addressed the impact of Leadership Styles on Strategic Planning formulation and implementation, the relationship between the Leadership Styles and Organisational Culture, the impact of Leadership Styles on Organisational Performance, the relationship between the Organisational Culture and Strategic Planning and the influence of Strategic Planning on the firm's performance (Arsawan et al. 2017; Dubihlela and Sandra ,2017; Nijkamp,2016; Arham,2014). However, most of these studies failed to assess associations between those variables in small and medium enterprises. In addition, they were focussed upon investigating the direct relationship between Leadership Styles, Organisational Culture and Strategic Planning on SMEs financial performance and considering each concept separately (Arham, 2014; Ersoy,2013).

Furthermore, these studies were carried out in the developed western context. There is a scarcity of research focused on investigating the relationship between Leadership Styles, Organisational Culture and Strategic Planning together in relation to SMEs financial performance in a developing country. Likewise, researchers, as well as

academics, pay little attention to the indirect relationship between leadership styles and organisational culture on SMEs financial performance.

Consequently, little attention has been given to the importance of the mediating influence of strategic planning and moderating impact of organisational culture in assessing the nature of the existing relationship between Leadership Styles and SME enterprises. In addition, it is likely that this failure to address the impact of the role of the mediator and moderator of this relationship has led to the ignorance of professional managers in respect of the existence of some other contingency factors such as organisational culture and strategic planning, which can significantly influence the relationship between leadership styles and SMEs financial performance. On the other hand, the potential value of the current literature was limited. Fewer studies attempted to explore them in one integrated model in new emerging economies. Although some recent studies have emerged to fill the gap in the existing literature in both developed and developing countries, further information is still required (Abdel Salam et al., 2013; Antonakis and House, 2014).

First, as it was mentioned before generally there is a lack of comprehensive model to assess direct and indirect relationship among leadership style, strategic planning, organisational culture and organisational performance particularly in SMEs operating in Egypt. The Literature suggests that leaders are responsible for creating a workplace culture which could result in sustaining and improving organisational performance (Schein, 2010). Furthermore, that Leaders are required to consider important factors including employees' situation, beliefs, values and assumptions, which are influenced by organisational culture, before selecting any particular style of leadership (Alvesson, 2010, 2012). Also, leaders have to motivate employees towards effective strategic

planning practices and implementation within organisations. Therefore, there is a need for a study that explores which leadership style works best in different organisational cultures (Alvesson, 2010, 2012) and furthermore addresses how leadership style will affect strategic planning practices and organisational performance. Additionally, there is a pressing need to address how strategic planning could mediate the impact of leadership styles on performance. (Block, 2003; Schimmoeller, 2010; Tojari, et al., 2011). Although, there are some significant studies on the subject of leadership style, organisational performance and strategic planning ( see Ogbonna and Harris, 2000; Lok and Crawford, 2004; Schimmoeller, 2010; Tojari, *et al.*, 2011), there remains an absence of a comprehensive conceptual model that clearly shows the relationship between these concepts as well as taking into consideration the moderating effect of organisational culture dimensions (Gray, et al., 2003; Baruch and Ramalho, 2006; Papadimitriou, 2007; Alvesson, 2010). These are the elements it is the intention of this thesis to address.

#### **1.4.1 Statement of Problem**

From the above-mentioned literature on the relationship between research constructs, it is clear that the current literature was conducted by studying the relationship between Leadership Styles, Organisational Culture, and Strategic Planning and the impact on SMEs financial performance in the developing countries generally and within the Egyptian context specifically. According to Rigas and Nawar (2016) and Abd-El-Salam et al (2013) the impact of the leadership styles on the performance of SMEs is unclear within the Egyptian context, where the few studies conducted focused mainly on large multinational enterprises operating in Egypt, ignoring the significant importance of SMEs which have boosted the economic growth and development of



Egypt since the 2<sup>nd</sup> revolution (Mettwaly et al., 2014; Abd-El-Salam et al., 2013).

Moreover, there is no study attempted so far to examine and discuss the direct and indirect relationship among leadership styles, strategic planning practice, organisational culture types and SMEs financial performance together through a deductive research in one integrated model in a developing country, especially in the Middle East and North Africa. Therefore, the proposed study attempts to fill the gap in the existing literature by conducting an empirical research by developing a conceptual framework that investigates the direct and indirect relationship between Leadership Styles, Strategic Planning, and Organisational Culture on SME performance in one integrated model within the Egyptian context.

Indeed, SMEs operating in Egypt experience lack of managerial skills, which is needed to sustain development. Thus, the main motive is to develop one integrated model to improve the performance of SMEs through the key factors of business success such as leadership styles, strategic planning, and Organisational culture.

### **1.5 Research Aim**

The main aim of this thesis is to investigate the direct and indirect relationship between Leadership Styles, Organisational Culture, Strategic Planning and SMEs financial performance in one integrated model within a new emerging economy like Egypt.

More specifically, this study tends to assess whether the impact of Leadership Styles on SME performance is mediated by the Strategic Planning formulation and implementation on one side. As for the other side, the study intends to explore the effect of Organisational Culture in moderating the relationship between Leadership Styles and SME performance within Egyptian context.

## **1.6 Research Objectives**

Based on the research aim previously stated, the current study has a primary objective, which is to develop a conceptual framework to assess the direct and indirect relationship existing between the different leadership styles and financial performance through the mediating influence of strategic planning and the moderating effect of organisational culture dimensions in SMEs operating within the Egyptian context. It intends to address this through the following:

1. By critically examining the existing literature relevant to Leadership theory, different Organisational Culture types, and Strategic Planning.
2. Enriching the existing literature on SME performance in developing countries.
3. By developing existing knowledge towards Leadership Styles, Organisational Culture types, and Strategic Planning approaches within a new emerging economy context.
4. Providing appropriate analysis of the context of operation on SMEs financial performance in developing countries, especially within the Egyptian context.
5. Identifying whether a relationship between Leadership Styles and SMEs financial performance exists, through the mediating role of Strategic Planning.
6. By critically evaluating the moderating effect of different Organisational Culture types on the relationship between Leadership Styles and SMEs financial performance.

## **1.7 Research Questions**

### **1.7.1 Primary Research Question**

Is there a relationship between leadership styles, organisational culture, strategic planning and SMEs' performance within the Egyptian context?

### **1.7.2 Subsidiary Research Question**

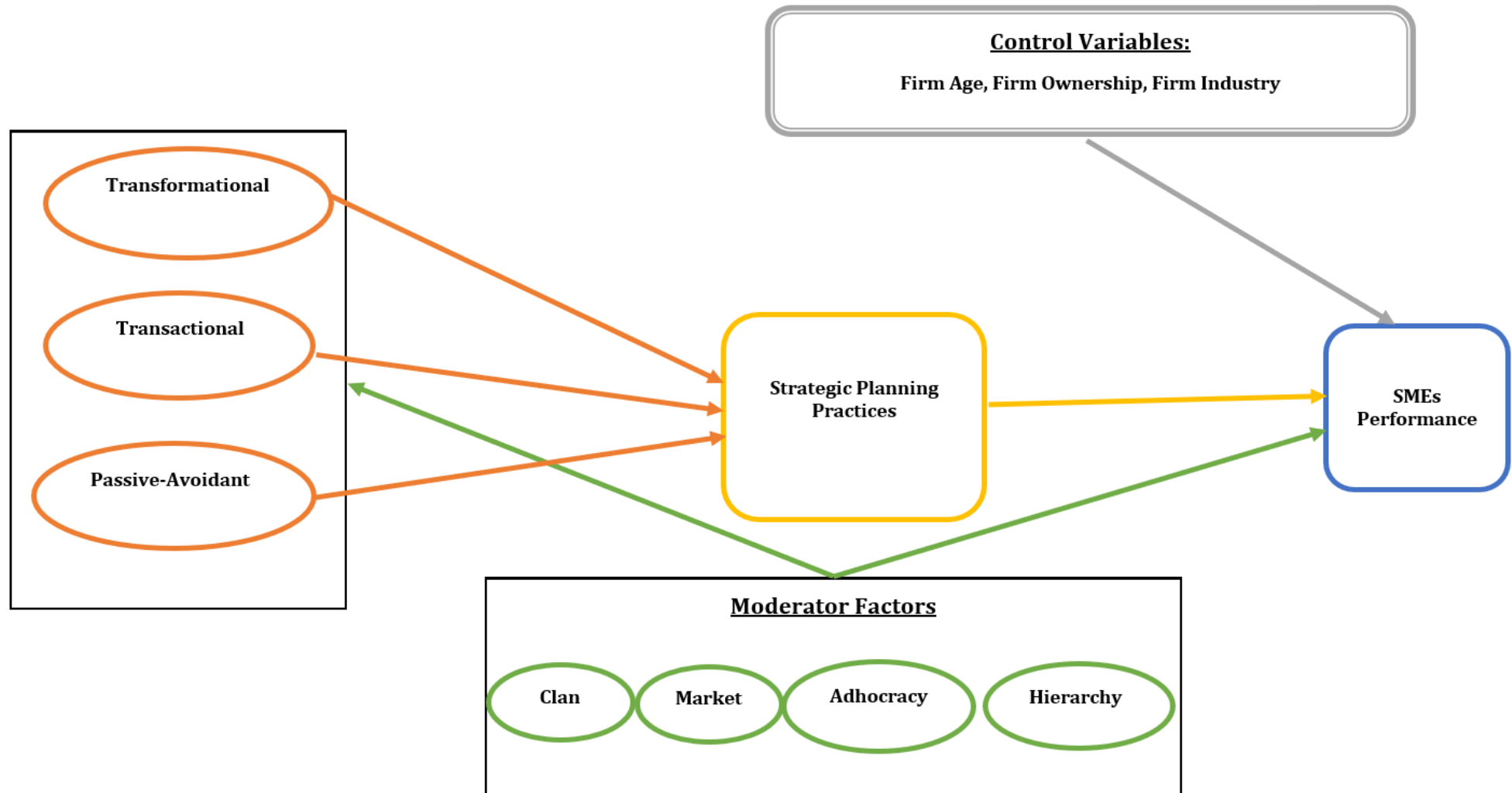
**As for research Questions, we may state that this study searches for:**

1. Do leadership styles affect SMEs' overall performance in Egypt?
2. Do leadership styles affect the strategic planning practice in Egyptian's SMEs?
3. Do strategic planning activities have significant impact on SMEs financial performance in Egypt?
4. Does strategic planning mediate the relationship between leadership styles and SMEs' performance within the Egyptian context?
5. Does organisational culture moderate the relationship between leadership styles and SMEs' performance in Egypt?
6. How do different leadership styles affect SMEs' performance through the moderating effect of organisational culture and the mediating influence of strategic planning?

## **1.8 Scope of the Study**

This thesis aims to assess the impact of leadership on performance within the SMEs operating in Egypt. In addition, the study attempts to identify the indirect relationship between leadership-performance through the mediating impact of strategic planning and the moderating effect of organisational culture. In order to achieve the main aim of the study and to answer the research questions, the study employs diverse theories and approaches, namely: Full-range leadership theory developed by Avolio and Bass (2004) for leadership style, Competing Values Framework for organisational culture (Camron and Quinn, 2011), the resources-based view to assess both Strategic planning-based multi-dimensional approach developed by Karger and Parnell (1996) and modified by Griggs (2002). Lastly, the Stakeholder theory view of financial performance will be observed in this study, where Dess and Robinson (1984) and Venkatraman and Ramanujam's (1986) measurement for assessing organisational performance is used in this study. However, whilst the current study is limited to include a sample representative from the Egyptian SMEs sector, the findings will be to some extent, generalizable to all SMEs operating in the Egyptian market. Figure 1.1 below illustrates the basic conceptual framework of the study.

**Figure 1.1 Conceptual Framework developed in this thesis of the Relationship between LS, OC, SP, and OP**



According to Sekaran and Bougie (2013) a conceptual framework provides a guide and a foundation on which the research is to be based. The proposed conceptual framework describes the proposed relationship between the variables which are included in the research problems. The proposed conceptual framework for this study contains 4 major constructs. Where, the independent variable (IV) is leadership styles namely; Transformational, transactional and passive-avoidant., the dependent variable is SMEs financial performance (DV), and the proposed mediator variable (MV) is the strategic planning practices. In addition, the study tests the effect of moderator variables of organisational culture dimensions namely: Clan, Market, Adhocracy and Hierarchy culture. Finally, the current study employed control variables (CV) namely; Firm age, Firm ownership and Firm industry to control the impact of leadership styles on organisational performance.

### **1.9 Methodology Overview**

To achieve the research aim and objectives, as well as answer the research questions and test the relationship amongst the research variables, the current research will adopt a positivistic philosophy, followed by a deductive strategy and quantitative approach (Bryman and Bell, 2011). In fact, a Cross-Sectional Design will be chosen to achieve the research goal by studying a large number of leaders and their subordinates across different SMEs operating within the Egyptian context. Cross-Sectional Design is a positivistic methodological approach that is designed to “obtain information on variables in different contexts but at the same time” (Hussey and Hussey, 1997, p. 59). Creswell (2013) suggested that Cross-Sectional Design is usually followed up with survey and self-administered questionnaire.

On the other hand, for the proposed methodology that will be used in this thesis, a primary data collection will be done, followed by secondary literature survey on constructs under investigation. According to the quantitative nature of this research, primary data will be collected through a self-administrated survey, where a self-administered questionnaire seems to be the best way of collecting as well as gathering information and data within the Egyptian context for several reasons. First of all, official reports and data on SMEs are limited due to poor reporting practices in Egypt. Secondly, telephone interviews and postal surveys are not widely used in Egypt due to its high cost and low response rate. Finally, as this is a national study, it is vital that a wide geographical spread of respondents is obtained. Therefore, self-administered questionnaires would be considered a suitable tool for collecting data from SMEs operating in Egypt. In total, 1000 questionnaires were sent out, in which 309 were returned on time to the researcher. Of the 309 received, only 283 valid questionnaires were used for data analysis. A convenience sampling technique followed by a snowball method was employed to collect data from target respondents. Participants in this study were all employed in managerial-level positions. SMEs' employees were divided into four groups according to their seniority: CEO, senior managers, middle managers, and junior managers. A higher response rate was expected from junior managers and supervisors as compared with CEO and senior management levels. During data collection, the researcher assured respondents about the confidentiality and anonymity of the data obtained in the cover letter and consent form attached to the survey questionnaire.

An extensive literature review was conducted on the constructs under investigation; leadership styles, strategic planning, organisational performance and organisational

culture was conducted in this study. Bryman (2012) described literature review as the most significant stage in any study. This is because it will be used as the foundation of the research and is considered the first step in the development of the theoretical framework of any study. After the collection of primary data through the self-administered survey from different SMEs operating in Egypt, the researcher conducted several steps of data analysis using the Statistical Package for Social Science (SPSS). In addition, structural equation modelling (SEM) for data analysis (Smart-PLS) was used to illustrate and test the nature of the relationship between the dependent and independent variables as well as test the proposed model.

The table below summarises the main research steps conducted in the current thesis:

**Table 1.3 Research Design**

Items	Design	Reason
Purpose of the Research	Deductive Research Study	This research will investigate the mediating influence of Strategic Planning and the moderating impact of Organisational Culture on the relationship among Leadership Styles and SMEs' Performance within the Egyptian context.
Type of Investigation	Correlation and Regression	This research will test deductive research hypothesis and develop a framework for assessing variables under investigation.
Extent of the Research Interference	Minimum	The researcher will not offer help or influence the respondents when filling out the questionnaire
Data Collection Method	Survey- Self-Administrated Questionnaires	SMEs owners and subordinates will fill out the questionnaires, which are specially designed to fulfil the purpose of the study (either in Arabic or English) on their own, while the researcher waits nearby.
Sample Size	15 respondents per variable (Stevens, 1996)	SMEs leaders and managers who will participate in this research will come from different cities across Egypt.
Time Horizon	Single Cross-sectional Design	The data will be gathered just one time over a period of months.

*Source:* Researcher.



Data collection for the main study was done through the help of SME business units in the chamber of commerce, conventional banks and governmental institutions in Egypt. As they have contacts of companies registered as SMEs across different cities in Egypt due to the lack of unified definition of SMEs in Egypt as per the Minister of Finance's report (2011). See data collection procedure in methodology chapter (Chapter 4). A pre-pilot test was conducted between the period of July 2015 and September 2015. Followed by pilot study from October till December 2015. The main study started, after reviewing the pilot study feedback and changes to some questions, around the beginning of August 2016 by presenting a hard copy or sending an electronic copy of the questionnaire to 1000 respondents in different SMEs operating across different cities in Egypt. The total time for collecting the data from respondents was around year.

### **1.10 Research Finding**

The current study examined the leadership-performance relationship in SMEs operating within the Egyptian sector and the influence of the mediating influence of strategic planning, and the moderating effect of organisational culture dimensions. In fact, five empirical models were established to test research hypothesis based on proposed conceptual framework (see figure 1.1). Summary of the finding and results of the research hypotheses are presented as follows:

First empirical model tested the impact of different leadership styles on firm performance. Where findings revealed that transformational leadership style has the most significant impact on organisational performance. Followed by transactional leadership style. Whereas, regression analysis demonstrates that passive-avoidant leadership has a negative insignificant impact on the performance of SMEs. Also, results show that firm industry has negative significant impact on firm performance. Firm age

and ownership have insignificant impact on performance. Results of the first empirical model was consistent with the literature review in the field of organisational studies and SMEs within a developing economy. The second empirical model was testing the impact of the different leadership styles on strategic planning practices within Egyptian SMEs. Where results indicate that transactional leadership style has the most significant impact on the practice of strategic planning within SMEs, followed by transformational leadership. In addition, regression analysis demonstrates that passive-avoidant leadership negatively affects strategic planning practices. Control variables namely; firm age, ownership and industry have insignificant impact on the practice of the strategic planning practices when it comes to SMEs. In the third empirical model, the direct impact of strategic planning was regressed against the performance of SMEs. Where results show that international aspects and strategic planning techniques have positive significant impact on the performance of SMEs. Whereas, external orientation and involvement of key personal have insignificant impact on the performance of SMEs. Furthermore, result shows that firm age has a positive significant impact on performance. While firm industry has a negative impact on performance. On the other hand, firm ownership has an insignificant impact on the performance of SMEs.

Results of mediation analysis of strategic planning practices on the impact of leadership styles on organisational performance in the fourth empirical model revealed that the impacts of transformational leadership styles on the performance of SMEs are partially mediated by the existence of strategic planning practices. Also, it has been proven that strategic planning practice partially mediates the impact of transactional leadership style on the performance of SMEs. In fact, partial mediation of strategic planning on the impact of both transformational and transactional leadership styles on organisational performance was not surprising as previous studies had proved it. However, what was

surprising for the researcher was the full mediation of strategic planning on the impact of passive-avoidant leadership on the performance of SMEs. Therefore, it could be deduced that, in general, strategic planning could be considered as a mediator between leadership styles and organisational performance within the SMEs sector.

Finally, the fifth empirical model investigated the impact of the moderation effect of organisational culture dimensions: clan, adhocracy, market and hierarchy on the impact of leadership styles (transformational, transactional and passive-avoidant) on organisational performance. Where moderated regression was conducted to test proposed research hypothesis. Results revealed that clan culture failed to moderate the impact of transformational, transactional and passive-avoidant styles of leadership on organisational performance. Also, adhocracy culture failed to moderate the impact of transformational, transactional and passive-avoidant styles of leadership on organisational performance. On the other side, market culture dimension failed to moderate the impact of transformational and transactional leadership styles on organisational performance. However, moderation findings show that market culture partially moderates the impact of passive-avoidant leadership on performance. Finally, results indicate that impact of transformational leadership on organisational performance is fully moderated by hierarchy culture. Also, the impact of passive-avoidant leadership style on organisational performance is fully moderated by hierarchy culture. While hierarchy culture failed to moderate the impact of transactional leadership style on organisational performance.

### **1.11 Contribution of the Study**

Investigating the mediating influence of Strategic Planning and the moderating effect of Organisational Culture on the relationship between Leadership Styles and SMEs' performance in one integrated model within the Egyptian context have academic , and practical importance.

#### **1.11.1 Academic Contribution**

This research further helps researchers as well as academics have a better understanding of the direct and indirect relationship that exists between Leadership Styles and SMEs' financial performance within developed and developing countries. Furthermore, the study aims to enrich the existing literature on Leadership Styles, Organisational Culture, Strategic Planning, and SMEs' financial performance in developing countries. This is the first empirical study to investigate the relationship among Leadership Styles, Strategic Planning, Organisational Culture, and organisational performance in one integrated model in a new emerging economy. Also, it is the first study conducted in the Middle East, North Africa, and in Egypt after the 2nd revolution in 2011, which focuses upon SMEs financial performance.

Moreover, this study investigates the mediating influence of the Strategic Planning and the moderating effect of organisational culture dimensions on the relationship between Leadership Styles and SMEs' performance within the Egyptian context. Ultimately, the current study will determine and add to the knowledge of what kind of Leadership Styles impact Strategic Planning formulation and implementation and its impact on the Organisational Culture and SMEs' performance. Consequently, this research is academically significant to the field

Additionally, the current thesis has methodological importance for the following reasons: First, the thesis has provided a set of critical recommendations for the development and growth of SMEs operating in emerging economies. Furthermore, the thesis has successfully compared the mediating impact of strategic planning and moderation impact of organisational culture in 2 different contexts. Secondly, the current study contributed to the existing body of knowledge by introducing different data analysis based on exploring the practice of leadership and strategic planning within SMEs operating in developing countries in general and the Middle East and North Africa (MENA) in particular. Finally, the current research aims to fill the existing gap revealed by this review of the literature by conducting three empirical studies to address the impact of leadership style on Strategic planning practices in Egyptian SMEs, to investigate the impact of strategic planning activities on SMEs financial performance in Egypt. Additionally, to test the mediating impact of strategic planning on leadership and-SMEs financial performance. In addition, these empirical studies will contribute directly to existing theories related to the resource-based view (RBV) approach to fill the gap in relation to both the Egyptian context and Middle East and North African countries (MENA).

#### **1.11.2 Practical Contribution**

From a professional or managerial perspective, this study aims to provide SME owners, managers, directors, decision makers, as well as researchers operating within the Egyptian context with four main practical contributions (see details in conclusion chapter). Firstly, through developing a conceptual framework that allows managers as well as professionals to critically evaluate the impact of Leadership Styles on the overall

SME performance through the moderator and mediator effect of organisational culture and strategic planning practices. Secondly, by providing a better understanding of the most significant contingency factors directly or indirectly affecting the relationship between leadership styles and SMEs' performance. Thirdly, allowing managers and SME operators within the Egyptian context to have a more detailed level of understanding of the mediator influence of the strategic planning and the moderator effect of organisational culture on enhancing and increasing SMEs' performance.

### **1.12 Thesis Structure**

This thesis will comprise seven chapters. Chapter 1 starts by illustrating and presenting the research questions, followed by the discussion and exploration of the research problem, Furthermore, the primary and secondary objectives of the current research will be proposed to clarify the different steps that will be taken by the researcher to obtain and achieve the research aims. In addition, a brief theoretical background of the proposed variables under investigation - leadership styles, SME performance Organisational culture, Strategic planning - will be critically observed for the development of a theoretical framework related to the understanding of the research problems in the Egyptian manufacturing sector.

Chapter 2 will be concerned with the critical review of the existing literature of the variables under investigation. This chapter will be divided into four main sections, which will critically analyse and present different theories, approaches, topologies as well as different models related to Leadership Styles, Organisational Culture, Strategic Planning and SME performance. The critical literature review of the proposed constructs will enable the researcher to highlight as well as show better understanding of the gaps existing in the current literature. Moreover, the importance of each variable,

as well as the interrelationship between the research variables, will be discussed in this chapter. Likewise, different assessment models related to the investigated variables will be proposed and acknowledged in order to have the appropriate selection of the most suitable model that will fit the aim and objectives of the current research. Finally, reviewing previous models, theories, and approaches will be considered the backbone of the development of a clear and understandable conceptual framework in the next chapter.

In Chapter 3, the conceptual framework will be discussed. Firstly, it will discuss the development of the theoretical framework of the proposed research based on previous literature that explains the relationships between Leadership Styles and SMEs' performance through the mediating influence of the Strategic Planning and the moderating impact of the Organisational Culture within the Egyptian manufacturing context in one integrated model. Afterwards, a critical discussion of the theoretical linkage between constructs will be presented, followed by the proposal of the research hypotheses related to the suggested conceptual model.

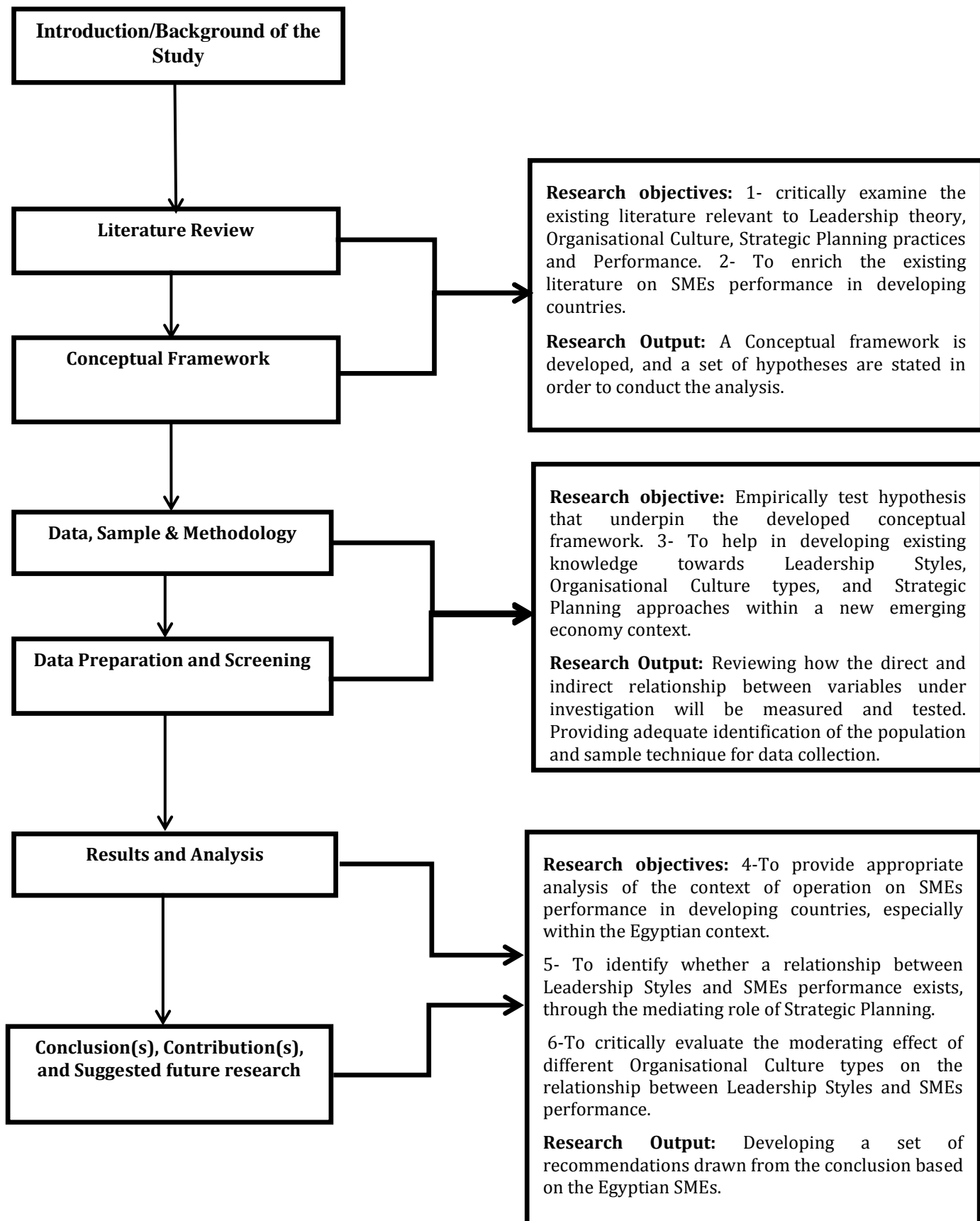
Chapter 4 is devoted to describing and justifying the methodology that will be used in this study, which includes a discussion of the study setting, which will begin by identifying of the research philosophy, followed by a clear establishment of the research strategy. The researcher will select and justify the appropriate research approach used to interrogate the intended research questions and contribute to the achievement of the research's aim and objectives. In addition, the research design will be explained, followed by sampling techniques and questionnaire development related to each variable under investigation. To ensure the internal and external consistency of the developed questionnaire, a pre-test and pilot study will be conducted for the research.

Finally, the chapter will conclude by highlighting some methodological and sampling limitations from the pilot study, which will help in further analysis.

Chapter 5 aims to prepare collected data for multivariate analysis. Data screening and preparation will be discussed in detail. Chapter 6 presents hypotheses testing. Consequently, the chapter will report and discuss the main research findings of the proposed empirical models in the light of the previous literature. Finally, Chapter 7 will discuss the main conclusions drawn from research findings, followed by presenting the theoretical, and practical contributions of the study. Finally, the chapter will end by suggesting further research direction and providing reasonable recommendations regarding the development of SMEs in a new emerging economy. Figure 1.2 presents thesis structure in the light of chapters' objectives and output.



**Figure 1.2 Summary of the research objectives and output**



### **1.13 Summary**

The aim of this chapter is to introduce the proposed research by highlighting the main research scope and introducing the importance of SMEs to the Egyptian economy. Consequently, the chapter discussed the reasons behind the comparative study, the rationale and existing gap in the literature review have also been discussed. Subsequently, a discussion of the literature to identify the constructs under investigation has been discussed. Additionally, the research aim, objectives, and questions have been proposed and discussed, followed by the overview of the adopted methodological approach. Finally, the research contributions and thesis structure have been presented.

## **Chapter 2 : Literature Review**

### **2.1 Introduction**

In this chapter, the researcher will critically review the existing literature on the research variables under investigation. Moreover, it will highlight the major theories and approaches in order to reach a proper understanding of the proposed constructs, as well as identify the existing gap in the current literature. In fact, the Literature Review will be divided into five main sections. The first section will deal with providing a definition related to SMEs, as well as provide a working definition of SMEs within the Egyptian context. In the second section, the existing literature on the history and development of Leadership Styles will be reviewed. Section 3 and 4 will deal with the Organisational Culture and Strategic Planning variables and finally in section 5, the researcher will discuss the theoretical background related to the measurement of the firm's performance as the dependent variable of the study. The chapter will end with conclusions based upon the existing literature review.

### **2.2 Small and Medium Enterprises (SMEs)**

There is no single, universal definition of SMEs. However, many researchers, as well as business professionals, have tried to define small and medium enterprises from different perspectives. Bolton (1971, p.1) tried to provide one of the first working definitions related to SMEs from an economic perspective: *"In economic terms, a small firm is one that has a relatively small share of its market. It has an essential characteristic where it is managed by its owners or part owners in a personalised way, and not through the medium of a formalised management structure. It is also independent in the sense that it does not form part of a larger enterprise and that its owner-managers should be free*

*from outside control in taking their principal decisions.”* According to Savloschi and Robu (2011) small and medium enterprises were defined till January 1996 as those enterprises whose total number of employees amounted to less than 500, with the following subdivisions: micro-enterprises (1-9 employees), small enterprises (10-99 employees), and medium enterprises (100-499 employees). This type of definition established, strictly on a single criterion – the number of people employed in enterprises – determined the termination of its use in the current statistics of the European Union (Savloschi and Robu, 2011). In 1996, the European Commission established a new definition of small and medium enterprises based on four quantitative criteria (Popa et al., 2009): a) The total number of employees in the enterprise; b) The annual volume of the turnover; c) The total of the assets in the enterprise balance; d) The degree of independence of the enterprise or the ownership over it. According to this definition, an enterprise is deemed as having a small or medium size when the total number of its employees is below 250 people. Moreover, Almeida (2004) stated that the European Commission mentions that an enterprise can be deemed medium indeed, when it meets the following conditions simultaneously: the number of its employees is more than 49 and fewer than 250; the annual turnover does not exceed 40 million euro, or the total of the balance assets is not more than 27 million euro. Small enterprises are considered those enterprises which have no more than 50 employees and an annual turnover of at least 7 million euro or whose total balance assets do not exceed 5 million euro. Very small enterprises are defined as those with no more than 10 employees.

### **2.2.1 The role of SMEs in the modern Economy**

For large companies, the SMEs represent the world from which they came and from where their future competition will come. For individuals, SMEs often represent the first job, the first step in the career. They are also a first step to the world of entrepreneurship. For the economy, SMEs are launchers of new ideas that lead to effective usage of resources (Hasan et al., 2014). An important involvement of the external impact of small and medium enterprises is the fact that their contribution in the development of the economy as whole and gross domestic production in particular. According to Hung et al. (2003) small and medium enterprises serve as the engine of economic growth. The statistics in almost all countries show that SMEs are predominant within the economy, representing more than 99% of all companies and having a substantial influence on obtaining the gross domestic product and the supply of jobs. An essential attribute of small and medium enterprises consists of the fact that they constitute an important source of jobs. Two thirds of the newly created jobs are owed to the small and medium sector (Nicolescu, 2001).

In the new context of the revolution of knowledge, the small number of components such as: the low dimensions of the tangible assets, the smaller complexity of the activities and supply structures make it easier to situate in the foreground the preoccupations, decisions and actions of the knowledge resource (Zaman, 2007). The entrepreneurial spirit, the intense interpersonal relations and the pronounced group cohesion, the versatility, flexibility and Organisational dynamism are defining elements for the economy and the company based on knowledge, which are found traditionally in these small, dynamic companies. Therefore, there is a high harmonization between the small company and the economy based on knowledge (Almeida, 2004). Although the

SMEs form the majority of the companies in the world, the percentage of the workforce that they hire varies from one country to another. In the Philippines, it represents 50%, whereas in the E.U., SMEs represent 66.3%, and in Greece this number is 86.7% (Ayadi and Sessa, 2017).

### **2.2.2 The role of SMEs in Middle East and North African countries**

Due to their increasing importance to production growth and vital relation with various productive sectors in society, small and medium enterprises (SMEs) have become one of the key instruments to face economic and social problems and achieve development objectives in most industrial and developing countries. Especially, in the aftermath of the so called Arab Spring that took place in 2011 (Assaad and Kraft, 2013). SME contributions to employment creation, productivity improvement, and income generation are underutilized in the Arab countries at a time when economic transformation is shifting the onus for productivity from the public sector to the private sector. Population growth and economic restructuring in many Arab countries make the creation of substantial new employment opportunities a necessity. To do so, Arab enterprises must favourably face increased competition in both local and export markets through improvements in product quality and workplace efficiency. Sheer survival in these business conditions forces both large companies and SMEs to restructure themselves in order to meet the global competition (El Hamidi and Baslevent, 2013). According to Ayadi and Sessa (2017) statistics show that SMEs represent more than 90% of total companies in the vast majority of economies worldwide and provide between 50-80% of total job opportunities in addition to contributing largely to GDPs of many countries. For example, SMEs constitute more than 99% of all non-agricultural private enterprises in Egypt and account for nearly three-

quarters of new employment generation. For Kuwait, this sector constitutes approximately 90% of the private workforce, including labour and imported an estimated 45% of the labour force, employment and national rates of less than 1%, in Lebanon, more than 95% of the total enterprises, contribute about 90% of the jobs (OECD, 2012; Ayadi and Sessa, 2017). According to the National Bank of Dubai (2007) small and medium enterprises accounted for about 94.3% of the economic projects in the United Arab of Emirate and employs about 62% of the workforce and contributes around 75% of the GDP of the state. Stevenson (2010) stated that SMEs account for 96% of the GDP in Yemen compared to 77% in Algeria, 60% in Palestine and less than 30% in Saudi Arabia during the year of 2005. It is often argued that the Governments should promote SMEs because of their greater economic benefits compared to the large firms in terms of job creation, efficiency and growth. Elbekpashy and Elgiziry, (2018) highlighted the key main driving forces to strengthen SMEs effectiveness in the Arab countries: (1) SMEs are the important vehicle in terms of employments and poverty alleviation. SME employs a large share of the labour force in many Arab countries. (2) SMEs make significant contributions to the national economy of the country; and can be a tool to accelerate the growth of exports. (3) SMEs foster an entrepreneurial culture and make the economy more resilient to the global fluctuations (Elbekpashy and Elgiziry, 2018).

### **2.2.3 Small and Medium Enterprises (SMEs) in The Egyptian Context**

The scope of the current study is related to the context of SMEs in Egypt. Where, small and medium sized enterprises (SMEs) have usually been perceived as a dynamic force for sustained economic growth and job creation in developing countries. From a social viewpoint, SMEs secure livelihood for a large and ever-expanding segment of the

population (Elsaady,2011). According to Rym and Sessa (2017) in Egypt, there are around 2.5 Million SMEs representing 75% of the total employed workforce and 99% of non-agricultural private sector establishments. Despite their importance, they are still facing several problems, in particular access to finance which is a typical challenge in developing countries. Therefore, reducing this SMEs financing gap in low-income countries should increase the incentive of SMEs creation and consequently improve economic growth and increase job creation. In addition, improving the access to finance of SMEs is significantly important in promoting entrepreneurship and innovation. In Egypt, despite banking reforms that have been launched in 2004, the ability of SMEs to more easily access suitable and sufficient means of finance has always been considered a major obstacle facing many SMEs (El Mahdi and Rashad,2006). It is worthy to mention that, from a supply point of view, the majority of banks are becoming more risk averse towards SMEs, especially due to a wide spread notion that financing SMEs is risky and that serving them requires high transaction costs which makes them less profitable than larger companies (El Kabbani and Kalhoefer, 2011).

#### **2.2.4 Profile and Characteristics of SMEs in the Egyptian context**

Access to information in the SMEs is the main challenge, as a large portion of the SMEs operate in the informal sector. The last official report for Central Agency for Public Mobilization and Statistics (CAPMAS) regarding SMEs was in 2006 as SMEs reached by then 2.45 million enterprise accounting for more than 90% of the total private enterprises in Egypt, then. In 2015 it is estimated that SMEs reached nearly 2.78 million enterprises where the annual increase in SMEs is nearly 37,000 enterprises (El Kabbani and Kalhoefer, 2011). This section focuses the characteristics and profile of SMEs in Egypt. Where this section is divided in three main parts; First part discusses SMEs



structural characteristics of SMEs sector, second will highlight major constraints faced by SMEs in Egypt. The third section provides an overview of policies inherent to the SME sector.

#### **2.2.4.1 Structural characterises of Egyptian SMEs**

In Egypt, firms are considered micro when they employ less than ten employees, small and medium when they employ between ten and two hundred employees, and large above that according to the definition of the Central Bank of Egypt. In 2017, micro enterprises constituted approximately 91% of all firms, small and medium ones around 8% of the total and large firms less than 1% (Central Bank of Egypt, 2017). This figure points to the predominance of micro enterprises in the country's private sector. Egyptian micro firms have little potential for expansion and suffer from a range of structural weaknesses, including but not limited to the lack of managerial skills and financial resources, intensive competition and low profit margins. Moreover, most micro enterprises are informal and cannot sufficiently benefit from government initiatives in support of their development (Saif and Ghoneim, 2013).

**Table 2.1 Sectorial distribution of SMEs in Egypt**

<b>Sector</b>	<b>SMEs Sectorial Distribution</b>
Manufacturing	51%
Construction	40%
Trade and Commerce	3%
Tourism	4%
Other	2%

*Source:* Adapted from International Finance Corporation report, 2014.

Table 2.1 shows the sectorial distribution of MSMEs in the country in 2014. It is evident that such enterprises are mainly concentrated in the manufacturing and government new construction, in which operate roughly 51% and 40% of the total number of SMEs surveyed. According to Mokhtar and Abdelwahab (2014), the distribution of firms by

size and employment contribution shows that large enterprises dominate the manufacturing sector, accounting for 87% of total production and 53% of total employment. In turn, SMEs contribute to nearly 47% of total employment in the sector and account for only 13% of the overall production.

#### **2.2.4.2 SMEs contribution to employability in Egypt.**

According to the International Finance Corporation (2014) SMEs have employed more labour compared to their capital intensive. SMEs play an important role in the development of economies with a sizeable unemployed youth population. In Egypt, SMEs are a major contributor to the national GDP with more than 70 percent of the gross domestic production of the country. According to Angel-Urdinola and Tanabe (2012) SMEs have a pivotal role in generating employment in both the formal and informal sectors, providing nearly 75% of total employment in the private sector. According to El Said and Ahmed (2017), Egyptian's informal sector represents a large share of national GDP. Informal employment constitutes an important entry point for highly educated workers but is often associated with low wages, poor working conditions and limited mobility to formal sector jobs – for educated or uneducated individuals alike. It is estimated that nearly 58% of total employment in the country is created in the informal sector, a share reaching 70% among rural workers as compared to 43% among urban ones.

#### **2.2.4.3 Constraints to SMEs Growth in Egypt**

The SME sector continues to face a number of constraints to growth that limit its potential to contribute to employment generation and broader economic development. Previous studies have shown that SMEs in Egypt are concentrated at the micro end of the spectrum, with the large majority having fewer than five employees, and operating with low levels of capital (El Mahdi and Rashed, 2007). The majority of SME also operate

informally, which in the context of such enterprises means that many fails to fully comply with legal requirements for businesses, such as licensing, registration and tax payments (Maloney, 2004). In Egypt, operating informally has proved to have a negative effect on the productivity of SME (Hendy and Zaki, 2012) and to reduce the likelihood of the enterprise's owner moving out of poverty (El Mahdi, 2010). Other factors limiting the ability of SME in Egypt to grow are the human capital of entrepreneurs and their willingness to take risks; the difficulty of the regulatory environment and lack of enforcement; and lack of access to finance (Loewe et al., 2013). The issue of access to finance in particular has been widely noted in the literature on SME in Egypt as well as globally and intersects with other constraining factors such as enterprise size and formality. For example, a recent study of formal SMEs in Egypt found that only 50% deal with a bank. A number of factors, including sector of economic activity and legal form, lower capital and a smaller number of employees are associated with the greater likelihood of not having access to banks (El Said et al., 2013). These results agree with cross-national studies which find that smaller firms have less access to finance, and that lack of access to finance is in turn a constraint to small enterprise growth (Beck and Demirguc-Kunt, 2006). As informal SME are on average smaller and have less capital than formal SME (El Mahdi and Rashed, 2007), they are likely to be even more constrained in their access to finance and therefore their ability to grow. In summary, recent studies on the SME sector in Egypt overwhelmingly conclude that further reforms to the regulatory environment and more targeted efforts to support the development of the SME sector are needed. This is particularly true given that SMEs face disincentives to growth, in that they become more "visible" to regulatory bodies (El Hamidi and Baslevent, 2013). Yet at the same time, small size and informal operations, which characterize much of the SME sector in Egypt and elsewhere in MENA, are two

factors that may limit the potential of the sector to contribute to employment generation and broader economic growth (Assaad and Kraff, 2013).

## 2.2.5 Towards Definition of SMEs in Egypt

A unified official definition of SMEs doesn't exist in Egypt as there is a vast array of definitions. In this section, the researcher tries to shed light on a working SME definition applicable to Egypt. According to the Egyptian Ministry of Foreign Trade (2003), the SMEs sector in Egypt differs from one entity to another depending on their usage, activities, and policy objectives.

**Table 2.2 Definition of SMEs based on different Egyptian government sectors**

AUTHORITY	MSME-DEFINITION
Ministry of Planning	0 - 50,000 EGP in fixed assets, including land and buildings.
Ministry of Industry	10 – 100 workers 0 – 500 000 EGP Fixed Assets.
Ministry of Rural Development	Definition does not use economic criteria.
Institute for National Planning	10 - 49 workers
Central Agency for Public Mobilization and Statistics	50 – 100 workers.
Industrial Development Bank:	Uses value of fixed assets, adjusted periodically.
Credit Guarantees Corporation (CGC)	1-6 workers. 40,000 - 7,000,000 EGP in Assets (excluding land and Buildings).
USAID: National Bank for Development (NBD) or Business Associations	1- 15 workers 1,000- 25,000 EGP in Fixed Assets Micro: (1-5) Employees Small: (6-15) employees
<i>Note:</i> EGP: Egyptian Pound	

*Source:* Adapted from Egyptian ministry of foreign trade report, 2003.

However, a unified definition is needed, as it makes it easier to manage and handle the problems of that sector. Yet, there is no agreement on one operational definition of SMEs, but there exists some agreement on general criteria used to define SMEs

operating within the Egyptian context. **The current thesis adopted the below criteria to define SMEs operating within the Egyptian context:**

1. Number of workers in the enterprise. Where most of the institutions define companies with less than 100 employees as SMEs. Defining SMEs by the number of employees is the most common definition.
2. Fixed assets the enterprise has. Other institutions define SMEs by the capital size and the value of assets in the company
3. Annual sale Revenues. Sales turnover is one of the most widely used SME criterion.
4. Sectorial aspect: Some institutions change their definitions of SMEs with the change of the sector. In other words, they apply different SMEs definitions depending on the sector to which the SME belongs (El Said and Ahmed, 2017).

According to countries such as Canada, Australia, New Zealand and Egypt a set of different classification ceilings is used, depending on the firms' economic patterns. Southern and Eastern Mediterranean Countries (SEMCs) often do not have an official definition and use different working definitions, making the study of MSMEs, and the implementation of targeted policies in their support, somewhat challenging (El Said et al., 2013).

The table below (Table 2.3) shows working definitions of MSMEs operating in Egypt as recognised in the banking sector in 2017 (SAIB, 2017).

**Table 2.3 Definition of SMEs according to Egyptian's banking sector.**

<b>Company</b>	<b>Established Entities Volume of Business</b>	<b>Established Entities Volume of Labour Force</b>	<b>New (newly established) paid Capital</b>	<b>New (newly established) volume of Labour Force</b>
<b>Micro Finance</b>	Less than 1 million EGP	Less than 10 Employees	Less than 50,000 EGP	Less than 10 Employees
<b>Very Small</b>	From 1 million to less than 10 million EGP	Less than 200 employees	From 50,000 EGP to 5 million EGP for industrial Facilities and 3 million EGP of non-industrial	Less than 200 employees
<b>Small</b>	From 10 million EGP to less than 20 million EGP	Less than 200 employees	From 50,000 EGP to 5 million EGP for industrial Facilities and 3 million EGP of non-industrial	Less than 200 employees
<b>Medium</b>	From 20 million to less than 100 million EGP	Less than 200 employees	From 5 million EGP to 10 million EGP for industrial Facilities and 3 million EGP to 5 million EGP of non-industrial	Less than 200 employees
<i>Note:</i> EGP: Egyptian Pound				

*Source:* Adapted from SAIB Bank official website, definition of SMEs according to the Central Bank of Egypt, 2017.

Finally, it is obvious that there is no unified definition of the SME sector in Egypt, as it is subject to many factors. The current research employed the recent definition set According to the Central bank of Egypt (CBE) in 2017, MSMEs are defined as follow:

- 1- Micro: less than 10 employees
- 2- Small: between 10 to 49
- 3- Medium: between 50 and 200 employees
- 4- Large: more than 200 employees

In order to guarantee the appropriate selection of sample respondents from SME operating within the Egyptian context and to ensure that the sample truly reflects the entire population; the selection of target respondents in the current research was done with the help of governmental institutions and the banking sector in Egypt. Explanation of the sample procedure and data collection will be explained in detail in the methodology chapter (Chapter 3).

### **2.3 The choice of Egyptian's SMEs context**

The intention of the current research is to assess the impact of leadership practices on performance in the Egyptian SMEs sector. In fact, several previous studies have attempted to investigate the direct relationship between variables in the Western context with little attention given to the Eastern context. Furthermore, no previous study has attempted to highlight the indirect effect of strategic planning and Organisational culture in the relationship between those two constructs in one integrated model including the mediation influence of strategic planning and the moderating effect of organisational culture dimensions Therefore, to address this gap the current study uses the SMEs operating in Egypt for data collection. To answer and justify the choice of selecting SMEs sectors in Egypt, the researcher suggested four

different arguments for the basis of selecting the Egyptian SMEs sector.

### **2.3.1 Economic Justification**

From the economic point of view, SMEs are considered the backbone of economic growth in Egypt (Abobakr and Elgiziry, 2015). Firstly, SMEs represent 99% of the private sector in Egypt. The SMEs sector attracts foreign direct investors to the countries as well as increases employability and creates new job opportunities to reduce unemployment rate (Watts ,2015). Third, the SMEs sector in Egypt contributes heavily towards export and import. Finally, the SMEs sector contributes towards Egypt's GDP by 80%. Therefore, the SMEs sector in Egypt was selected because of the significant role played by the SMEs in boosting the Egyptian economy (Abobakr and Elgiziry, 2015).

**Table 2.4 Economic importance of SMEs in the Egyptian Economy**

SMEs Egypt	
Contribution towards GDP	70%
Employment rate	80% of the population work for SMEs
Private sector	90% of the private sector

*Source:* Adapted from Office for National Statistics (ONS), 2016 and Abobakr and Elgiziry, 2015.

### **2.3.2 Managerial Justification**

According to Watts (2015), global reports on small and medium enterprises show that SMEs are currently facing a wide range of internal and external problems with regard to



running their daily activities. The internal problems are crucial and affect the growth and development of SMEs. Among the managerial problems that the SMEs sector in general face are: 1) Managing cash flow and internal resources; 2) Lack of clear planning, which reflects the inability of SMEs to formulate a plan for their activities in the short and long term; 3) Leadership ineffectiveness, which refers to the inadequacy of leadership practices in SMEs, such as lack of clarity in defining the role of the leader and no clear separation of the duties of the leader and the manager (Elbekpashy and Elgiziry,2018). Secondly, leaders fail to provide the needed support for managers and staff along with lack of experience in recruiting the required staff and outsourcing process, which brings attention to clarifying the roles and responsibilities of directors of small firms; 4) lack of execution, which represents a major problem that leads to the failure of SMEs in the short term, such as:

- Lack of execution of developed strategy
- Time management and project plan
- Pricing strategies problems
- Non-participation of employees in the strategy formulation process.
- Poor communication between the top management and employees.
- Lastly, lack of effective performance measurement and lack of consistency in performance analysis.

In particular, the SMEs sector in Egypt is also facing internal and external challenges. The external challenges are: 1) Sources of Finance and bank lending, 2) Economic instability, which represents a major challenge against SMEs growth and development, 3) administrative corruption in government entities, which affects licensing procedures

such as the difficulties associated with obtaining licenses for more than 1000 factories projects from civil defence and the Firefighting Authority (El Said et al., 2014). Additionally, the SMEs sector in Egypt is facing major internal problems such as poor managerial skills in terms of management style, recruitment of skilled labour, wages and salaries and lack of effective strategy formulations and implementation.

### **2.3.3 Political Justification**

After the 2<sup>nd</sup> revolution in 2011, the government started to rely heavily on promoting the development and growth of the SMEs sector in order to improve the economy of Egypt. According to the report by Abobakr and Elgiziry (2015), SMEs in Egypt are considered the best solution for the poor economic state. The SMEs sector could provide greater job opportunities and reduce the unemployment rate. In the same fashion, the executive manager of the Egyptian banking institute (EBI) asserted that the SMEs sector represents 2.5 million projects, which contributes to 99% of the non-agriculture private sector (Elbekpashy and Elgiziry, 2018). In addition, the Central bank of Egypt started to provide more support to new business start-ups by reducing the interest rate on loans. Therefore, the researcher's political justification for the choice of the Egyptian SME sector is due to the political situation and the dependency of the Egyptian government on SMEs for boosting economic growth.

### **2.3.4 Technological Justification**

According to El Said and Ahmed (2017), globalisation and the internet have become an essential tool for conducting business in the 21<sup>st</sup> century. The use of advanced IT technology in Egypt received great attention from the government to support the infrastructure for the SME sector. In fact, information technology infrastructure such as

internet services are not adequately used by the SMEs operating in Egypt as they are expensive to acquire. Therefore, the researcher's justification for choosing SMEs operating in Egypt is because of the significant role of modern technology in boosting and developing SMEs growth.

To conclude, Economic, Managerial, Political and Technological justifications are considered the main reason why the researcher decided to conduct a study on SMEs operating within the Egyptian context.

#### **2.2.6 Government Support towards promoting SMEs in Egypt**

The Egyptian government has legislated new policies to support SMEs sector in Egypt. According to El Said and Ahmed (2017), a number of ministries have been involved in the making of new supportive policies towards the SME sector in Egypt since 2014. In fact, the Ministry of Trade and Industry has provided support and help towards the development of SMEs to increase their competitiveness and internationalisation. Also, the Ministry of Investment has helped the development of SMEs, through the elaboration and implementation of cluster policies. The Ministry of Finance is mandated with promoting reforms for a favourable investment climate. The Ministry of Social Solidarity with regulating civil society organisations and other non-governmental organisations providing community development services. These ministries have been indirectly involved in the implementation of the policies in order to provide support and to enhance SME effectiveness in facing changing conditions on the market after severe economic instability (Elbekpashy and Elgiziry,2018). The following table (2.5) presents a summary of new governmental policies adopted by Egyptian institutions towards promoting SMEs.

**Table 2.5 Summary of new government policies to help SMEs development in Egypt.**

The below table summarises the new governmental policies adopted by different institutions towards supporting Egyptian's SMEs.

<b>Institutions</b>	<b>Role in supporting SMEs</b>
<b>Egyptian Banking Institute</b>	Raised the awareness entrepreneurs about methods and standards to access financing. Providing a wide range of capacity building services to SMEs.
<b>Central Bank of Egypt</b>	Encouraging commercial banks through incentives to finance SMEs development.
<b>Industrial Development Authority</b>	Provided assistance and guidance to attract potential investors to industrial SMEs sector with required procedures and registration plans
<b>Egyptian Financial Supervisory Authority</b>	Established a microfinance companies offering products and services to promote SMEs sector in Egypt.
<b>Social Fund for Development</b>	Provided a safety net to protect vulnerable groups against the adverse effects of economic programmes and enhancing the development of SMEs.

Source: Adapted from El Said and Ahmed, 2017.

Finally, El Said and Ahmed (2017) stated that, the Social Fund for Development was restructured and became the SME Development Authority at the beginning of 2017. The Development Authority was established to address the entanglements in the work of the government bodies and its priority is to coordinate the different policies and tools in support of Egyptian SMEs and to provide a range of financial non-financial services.

## **2.4 Leadership Styles**

Leadership styles have been a subject of growing interest for both the academics and professionals in the fields of management, organisational behaviour as well as organisational studies (Antonakis and House, 2014; Nazarian et al., 2014; Nawar, 2015). This interest stems from the fact that leaders provide guidelines and they have to motivate their followers to accomplish tasks (Gill, 1998). According to Bass's study (1997), leadership has been defined as a process of interaction between one or more members of a group working for the same interest, where the leader is seen as being in the centre of attention for any collaborative teamwork. In the same manner, Nawar (2015) justified this coincidence by referring to the significant role of a leader in restructuring problems, establishing priorities, and initiating developmental operations. Furthermore, a leader is seen as a person with many popular traits of personality and character (Bingham, 1927; Bass, 1990).

In contrast to Bass's point of view, Daft (2001) suggested another definition of a leader. Daft (2001) stated that leadership could be defined as a relationship between leaders and followers, where they influence each other and intend real changes and outcomes that reflect their shared purposes. In the same fashion, Northouse (2007) defined leadership as a process of influencing a group of individuals to achieve common goals. Last but not least, Durhin (2004) stated that leadership style is the combination of the attitude and behaviour of a leader, which leads to certain patterns in dealing with the followers. It is the result of the philosophy, personality, and experience of the leader. There are several leadership styles such as autocratic, bureaucratic, charismatic, democratic, participative, situational, transformational, and transactional and laissez-faire leadership (Mosadeghrad, 2003). Leadership style has been the deciding factor of more than one facets of employee behaviour in organisations.

### **2.4.1 Leadership vs. Management**

Many researchers consider leadership and management overlapping concepts or similar in their way of getting things done. According to John Kotter (cited in Robbins, 2003, p. 313), he argued that *“...management is about coping with complexity. Good management brings about order and consistency by drawing up formal plans, designing rigid organization structures, and monitoring results against the plans. Leadership, in contrast, is about coping with change. Leaders establish direction by developing a vision of the future; then they align people by communicating this vision and inspiring them to overcome hurdles.”* On the other hand, Kotter (2001) suggested that leadership and management are considered dynamic tools that help in achieving organisational pre-determined goals, which are unique and matching systems of action. According to Northouse (2007), leadership and management are considered practically overlapping. However, they are two different concepts in theory. According to Bass (1990) and Kotter (2009) managers are responsible of achieving company's desired goals through the key functions of planning and budgeting. Leaders on the other side set companies' direction inspire and motivate employees. Table 2.6 shows the difference between leadership and management process in the workplace.

**Table 2.6 The difference between Leaders and Managers**

The following table summarises difference between the role of leaders and managers within organisations based on management scholars.

	<b>Leader</b>	<b>Manager</b>
<b>General Focus</b>	Leader is concerned with clarifying the big picture and set strategies.	Manager is concerned with creating an organisational structure
<b>Vision Establishment</b>	1- Sets direction and develop the vision 2- Displays very passionate attitude about the vision and goals	1- Develops process steps and sets timelines 2- Plans and budgets
<b>Vision Execution</b>	1- Motivates and inspires 2- Satisfies unmet needs and empowers followers. 3- Takes high risk approach to problem solving	1- Controls processes 2- Identifies problems 3- Monitor results 4- Takes low risk approach to problem solving
<b>Vision Outcome</b>	Promotes useful and dramatic changes, such as new products or approaches to improving labor relations	Provides and communicates expected results to leadership and other stakeholders.

*Source:* Adapted from Kotterman,2006; Northouse, 2007; Kotter, 2009; Bass 1990; Abdel-Salam et al., 2013.

## **2.5 Leadership Theories**

The following section provides an overview of some leadership theories developed over the years. The reason why an overview of leadership theories is included in this literature review is because this is also allowing the reader to benefit from a deeper understanding of the concept of leadership, different theories and approaches related to leadership styles.

### **2.5.1 Great Man Theory**

Historically, the study of leadership can be traced back to the early critical thinkers and philosophers such as Aristotle and DesCrates (Bass,1990a). According to Kotterman (2006), some of the traditional leadership theories such as the great man theory created

by Thomas Carlyle in the 19<sup>th</sup> century have been discarded in modern-day classrooms, it is important to note that they played a pivotal role in developing the theories that are now universally accepted. Particularly, the highly controversial great man theory which argued that leadership qualities were entirely intrinsic (Van and Ahuja, 2010, p.37). This intimated that leadership was only reserved for a few individuals born with the abilities that allowed them to lead others. This theory quickly lost appeal to many philosophers who, rightfully, felt that the theory was far-fetched and based on hero-worships. According, to Herbert Spencer (cited in Gary's ,1996), environmental influences on ability to lead over others are just considered as personal traits and not related to leadership style.

### **2.5.2 Trait Theories of Leadership**

Schultz et al. (2003, p.188) point out that “...one of the earliest academic approaches to leadership was the ‘trait theory’ that attempted to identify physical or personality traits that differentiated leaders from followers.” Until the mid-1940s, leadership research was based largely on Trait theory, which assumed that the traits of a leader are inborn and that they have certain natural qualities that differentiate them from their followers such as ambition and energy, the desire to lead, honesty and integrity, self-confidence, intelligence, and job-relevant knowledge. However, the difficulty in classifying and validating these characteristics led to widespread criticism of this trait approach, signalling the emergence of style and behavioural approaches to leadership (Stodgill, 1948). Stodgill’s research suggested that effort variables such as drive, energy and self-confidence were more important and ultimately decades of research

for a list of character traits that would promise effective leadership was not successful Upon reflection of the various qualities of several effective leaders that might suggest a



set of common characteristics, these were challenged as another leader came to the attention of the researchers who displayed none of the shared traits, but a wholly different set. Many types of characteristics were studied, including those related to physical appearance, social background, intelligence and ability, personality, task-related skills, and social qualities but to no avail as meta-analyses in general revealed results no better than  $r < .30$ .

### **2.5.3 Behavioural Theories of Leadership**

Behavioural theories of leadership occurred from the 1940s to the 1960s. Robbins and Judge (2013) define behavioural theories of leadership as “theories proposing that specific behaviours differentiate leaders from non-leaders.” Behavioural theories shifted the prominence away from the characteristics of a leader (trait theories) to the behaviour and style that the leader adopted (Likert, 1961). These theories assume that effectiveness in leadership has to do with how the leader behaves. The following section will provide an explanation of the leading studies of behavioural leadership theory.

#### **2.5.3.1 Iowa Studies**

According to Lippitt and White (1943), a group of scientists at the University of Iowa identified three different leadership styles and wanted to determine their impact on the attitudes and productivity of the subordinates. Autocratic leaders dictated policies and procedures, decided what goals are to be achieved, and directed and controlled all activities without any meaningful participation by the subordinates. Autocratic leaders were granted all the authority and responsibility with little or no input from their followers. Democratic leaders shared the decision-making with group members by promoting the interests of the group. Democratic leadership style capitalizes on the skills and talents of the subordinates by letting them share their views rather than simply expecting them to conform. Laissez-faire leaders gave little guidance and

complete freedom to their subordinates. They allowed the group members to decide on their own without providing any leadership at all (Lunenburg and Ornstein, 1996).

### **2.5.3.2 Ohio State Studies**

Research done at the Ohio State University identified two leadership dimensions that accounted for most of the leadership behaviours described by employees. These two dimensions, or leadership styles, were called Initiating Structure and Consideration-Oriented leadership. The Initiating Structure dimension relates to leaders that define and structure the role of their employees in order to attain a set goal. The Consideration dimension refers to leaders that facilitate team interaction, and who put emphasis on the relationship between themselves and their employees, in terms of trust and respect (Hemphil, 1957).

### **2.5.3.3 University of Michigan Studies**

During the research that was done at the University of Michigan, researchers identified two dimensions of leadership behaviour, which they deemed to be sufficient for effective leadership. These dimensions of leadership were named employee-oriented leadership and production or task-oriented leadership (Northouse, 2010). According to Northouse (2010), employee-oriented leadership merely referred to leaders who take personal interest in their employees and don't just see them purely as a means of output. These types of leaders promote interpersonal relationships between themselves and their employees. Production-oriented leaders, on the other hand, are more interested in harnessing the efforts of their employees in attaining set goals without giving any thought towards the needs and feelings of their employees regarding their job. When employing the production-oriented leadership style, employers basically consider their employees as a means to an end. As a result of the study performed at the University of Michigan, researchers found that the employee-oriented leadership style

is more effective in increasing productivity and job satisfaction among employees. The production-oriented leadership style, conversely, seems to decrease productivity as well as job satisfaction (Robbins et al., 2009).

#### **2.5.3.4 Managerial Grid**

The managerial grid used the behavioural dimensions “concern for people” and “concern for production”, which essentially represented the Ohio dimensions of consideration and initiating structure and the Michigan dimensions of employee orientation and production orientation. Concern for production involves performance, goals, results, and profits. Concern for people involves team members and subordinates. Each of these concerns is in varying degrees along a continuum from 1 (low) to 9 (high), where leaders can integrate their concerns for people and production (DuBrin, 1998).

#### **2.5.4 Contingency Theories of Leadership**

Both the trait and the behavioural theory of leadership were attempts to identify the best leadership style for leaders in all situations. By the late 1960s, it became apparent that there was no such universal answer. Leadership contingency theory holds that the most appropriate leadership qualities and actions vary from one situation to the other. Contingency means that “It depends upon.” There is an interdependent relationship, and for the leader to be effective, there must be a fit between the leaders’ behaviour and style and the followers and the situation. With reference to the ‘leader element’, variables include personality traits and behaviour and experience. With respect to the ‘followers’, capability and motivation are related variables. In terms of the ‘situation’, the factors include the task, structure, and environment (Fiedler (1965) cited in Lussier and Achua, 2004, p.234). Contingency theories include situational leadership theory and path-goal theory.

#### **2.5.4.1 Situational Leadership Theory**

Hersey and Blanchard (1993) developed the Situational leadership theory, which is a contingency theory that focuses on followers because it is followers who accept or reject the leader. The primary contingency factor for the situational leadership model is follower readiness or maturity. Robbins (2003, p. 324) defines the term, readiness, as "...the extent to which people have the ability and willingness to accomplish a specific task." According to Hersey and Blanchard, (1993), Leadership can be subdivided into two categories, namely task-oriented leaders and relationship-oriented leaders (Blank et al., 1990). The correct leadership style would depend on the maturity level or readiness of the follower in each work situation.

Hersey and Blanchard's (1993) situational leadership theory includes Directing leadership, coaching leadership, Participating leadership, and Delegating leadership. Directing leadership will be used in a situation where the follower shows low competence, low commitment, and unwillingness to do his job. A leader in this situation will show high task and low relationship focus. Coaching leadership will be used where the follower shows little competence and variable commitment, but is willing to do the job. A leader in this situation will show high task and high relationship focus. Participative leadership will be used where the follower shows high competence and variable commitment but is unwilling to do the required job. A leader in this situation will show low task and high relationship focus. Delegating leadership will be used where the follower is competent, Committed and willing to do his job. A leader in this situation will show low task and low relationship focus (Bolden et al., 2003).

#### **2.5.4.2 Path-Goal Theory**

In 1971, House developed one of the most respected approaches to understanding leadership, which is the path-goal theory. It states that the leader's job is to assist

followers in achieving their goals and to provide direction and support to ensure that their goals are compatible with the goals of the group or organisation. Path-goal theory is derived from the belief that effective leaders clarify the path to help their followers get from where they are to the achievement of work goals, and make the journey along the path easier by reducing roadblocks and pitfalls (House, 1971).

House (1996) identified four leadership styles, namely Directive, Supportive, Participative, and Achievement-oriented leadership. The directive leader is a type of leader that schedules the tasks of his/her followers. Directive leaders also provide guidance to their followers and let them know exactly what is expected from them. Supportive leaders aim to show concern for the needs of their followers by means of friendly interaction. Participative leaders use collective decision-making by consulting their followers and using their suggestions before making any decisions. Achievement-oriented leaders expect their followers to perform at their highest level by setting goals for them to reach (House, 1996).

### **2.5.5 Full-Range Leadership Theory**

The Full-Range Leadership model proposed by Burns (1978) and continuously tested by various researchers is said to be one of the most widely accepted and researched leadership approaches during the late twentieth century and early twenty-first century (Kirkbride, 2006). Furthermore, it has been said that the Full-range leadership theory was the catalyst that has moved the leadership field forward from the trait approaches of the 1930s, the behavioural approaches of the 1950s, and 1960s, and the contingency theories of the 1960s and 1970s.

The full-range leadership model comprises of three distinct leadership styles: transformational, transactional, and laissez-faire leadership. These three styles are represented by nine distinct factors of leadership using the survey instrument called the

Multifactor Leadership Questionnaire. Currently, the full-range theory of leadership comprises of five transformational leadership factors, three transactional leadership factors, and one non-transactional laissez-faire leadership factor. Antonakis et al. (2003) concluded that besides some of the shortcomings in theoretical background and measurement, the Multifactor Leadership Questionnaire form 5X, which is used in the current study, is a valid and reliable instrument that can adequately measure the nine components, including the full-range theory of leadership.

#### **2.4.5.1 Transformational Leadership**

The leadership theory that has the most abundant presence in the current literature is that of Transformational Leadership. In the simplest terms, transformational leadership is a process that changes and transforms individuals (Northouse, 2001).

Burns (1978) was the first person to introduce the concept of transformational leadership. He claimed that transformational leadership is observed when leaders encourage followers in order to boost the level of their morale, motivation, beliefs, perceptions, and coalition with the objectives of the organisation. Bass (1985) extended the work of Burns by explaining the psychological mechanisms that underlie transformational leadership. Bass explained how transformational leadership could be measured, as well as how it impacts follower motivation and performance. He argued that transformational leadership can be defined based upon the impact it has on followers. When followers feel trust, admiration, loyalty, and respect from their leaders, they are willing to work harder than originally expected. These outcomes occur because the transformational leader offers followers something more than just working for self-gain; they provide followers with an inspiring mission and vision and give them an identity.

**Table 2.7 Transformational leadership style dimensions**

In the following table, the researcher summarises transformational leadership style dimensions based on existing literature.

<p><b>Idealized Influence (II):</b></p> <p>Leaders act in such a way that they can be perceived as role models by the people they lead.</p> <p>They are admired, respected, and trusted.</p> <p>Leaders are willing to take risks followers perceive them to have exceptional capabilities persistence and determination.</p> <p>They have high ethical and moral standards and can be trusted to do the right thing.</p>
<p><b>Inspirational Motivation (IM):</b></p> <p>These leaders arouse the team spirit and show enthusiasm and optimism.</p> <p>They motivate and inspire their followers to reach ambitious goals.</p> <p>They also involve followers in defining the desired future state of affairs, which ensures commitment to the goals and the shared vision.</p>
<p><b>Intellectual Stimulation (IS):</b></p> <p>The transformational leader stimulates their followers to be creative and innovative.</p> <p>Creating an environment in which they are forced to think about old problems in new ways.</p> <p>Mistakes are not publicly criticized.</p>
<p><b>Individualized Consideration (IC):</b></p> <p>The leaders act as mentors and coaches.</p> <p>They support, encourage, advise and respect individual desires and needs.</p> <p>Two-way communication is regular, and differences are accepted.</p> <p>They also delegate different tasks to develop follower skills.</p>

*Source:* Adapted from Bodla and Nawaz, 2010; Robbins, 2005; Nawar, 2015.

Transformational leadership plays a vital role in changing regular or traditional managers into effective leaders, where leader effectiveness determines the success level of the organisation. According to Hessel and Cohen (1999, p. 263), "...organisations that spend time educating their leaders are far ahead of the competition. By becoming familiar with the transformational leadership approach, managers can become effective leaders in the business world." Transformational leadership can be applied in one-on-one or group situations. This approach transforms people and organisations, changes them in mind and heart, brings about changes that are permanent, enhances job

performance, and helps the organisation be more productive and successful. Northouse (2001) stated that leaders who exhibited transformational leadership were more effective and reached performance beyond expectations. Therefore, it's very important for leaders to apply the transformational approach in the workplace.

#### **2.4.5.2 Transactional Leadership**

Burns (1978) defined transactional leadership as a process of social exchange whereby leaders rely on organisational rewards and punishments to enhance employees' performance. An exchange takes place between leaders and followers to achieve the desired performance (Antonakis et al., 2003). In the same fashion, Avolio and Bass (2004) stated that transactional leaders are used to working directly with individuals and groups. Moreover, they help in clarifying the goals and objectives of the organisation, determine the capabilities of individuals and are concerned with developing organisational compensation and rewards systems. Finally, their role also emphasises quality of work standards and tasks achievement to ensure the achievement of organisational goals.

According to Bass and Avolio (2004), transactional leadership consists of 3 main components, namely contingent rewards, management by exception (active), and management by exception (passive).

**1-Contingent reward (constructive transactions):** refers to leaders clarifying role and task requirements and providing followers with rewards in exchange for good performance.

**2-Management by exception passive (corrective transactions):** refers to leaders who intervene only when problems or noncompliance occurs.

**3-Management by exception active (corrective transactions):** refers to leaders actively monitoring the work of followers and makes sure those standards and goals are



met. Transactional leadership works best when organisational problems are simple and clearly defined (Nikezic et al., 2012).

On the other hand, Hater and Bass (1988) stated that passive management by exception is not the same as passive avoidant leadership. They argued that status is guarded and respected in passive management by exception, but conversely, that status is completely ignored by the laissez-faire leader who essentially avoids decision-making and supervisory responsibilities. According to Avolio and Bass (2004), passive management-by-exception leadership is a situation that takes place when a leader avoids being involved until things go wrong or problems start occurring. Leaders who display passive management-by-exception leadership style do not interfere in problem-solving until followers suffer from serious deviations or problems, whereas passive avoidant leadership refers to when a leader avoids interfering when serious issues arise.

#### **2.4.5.3 Transformational Leadership versus Transactional Leadership**

According to Burns (1978), transactional and transformational leadership are two different styles of leadership, where a leader can be either transactional or transformational but cannot simultaneously have the characteristics of both. Burns distinguished between transactional and transformational leaders by explaining that transactional leaders exchange tangible rewards for the work and loyalty of followers, while transformational leaders engage with followers, focus on higher-order intrinsic needs, and raise consciousness about the significance of specific outcomes and new ways in which those outcomes might be achieved (Burns, 1978).

Conversely, Bass (1985) stated that transactional and transformational leadership are somewhat complementary, in so much as leaders can simultaneously display both types. However, transformational leaders are more likely to be proactive than reactive

in their thinking, more innovative, and novel in their ideas. Similarly, Hater and Bass (1988) indicated that by contrasting transformational and transactional leadership, it does not mean that the two models are unrelated. In fact, researchers have indicated that although the two are distinct concepts, they are interrelated, meaning that a leader can be both transactional and transformational. Furthermore, Vera and Crossan (2004) pointed out that good leaders know how to switch between a transformational and transactional leadership style based on the situation. Effective leaders can maximize their influence by using both leadership styles (Avolio, 1999; Bass and Steidlmeier, 1998; Hartog and Van Muijen, 1997).

**Table 2.8 Transformational and Transactional Leadership**

In the following table, the researcher compares transformational and transactional leadership styles based on leadership literature.

Transactional leadership	Transformational leadership
Leaders are aware of the link between effort and reward.	Leader arouses emotions in their people, which motivate them to act beyond the framework of what may be described as exchange relations.
Leadership is responsive, and its basic orientation is to deal with present issues.	Leadership is proactive and forms new expectations in followers.
Leaders rely on standard forms of inducement, rewards, punishments, and sanctions to control followers.	Leaders are distinguished by their capacity to inspire and provide individualized consideration, intellectual stimulation, and idealized influence on their followers.
Leaders motivate followers by setting goals and promising reward for desired performance.	Leaders create learning opportunities for their followers and stimulate followers to solve problems.
Leadership depends on leaders' power to reinforce subordinates for their successful completion of the bargain.	Leaders possess good visioning, rhetorical, management skills to develop strong emotional bonds with followers. They motivate followers to work for goals that go beyond self-interest.

*Source:* Adapted from Bass, 1985, 1994; Popper and Zakkai, 1994; Cacioppe, 1997.

#### **2.4.5.4 Passive-Avoidant leadership**

According to Manning and Curtis (2003, p. 19), passive-avoidant leadership style is defined as “... a leadership style that involves very low levels of any kind of activity by the leader.” Essentially, the ‘laissez-faire’ leader is a ‘non-leader’. This type of manager tends to withdraw from the leadership role and offer little in terms of either direction or support. With the laid-back, hands-off approach, the leader will only intervene in case of severe problems and complications and, as a result, followers are often in conflict with each other regarding roles and responsibilities, they try to usurp the leader’s role, or seek direction and vision from elsewhere in the organisation (Bass, 1985; Abd-El-Salam et al., 2013).

Osborn (2008) described passive-avoidant leaders as not involved in the decision-making process; they give their subordinates the power to make their personal decisions. The employees are free to work however they want and they are also responsible for their decision-making. Sometimes, passive-avoidant leaders provide their staff with important material and answer questions but avoid giving feedback. This approach relies heavily on the follower’s self-efficacy (Bass, 1999). The follower must believe in his self-governing abilities instead of depending on his/her leader for direction, as the leader does not offer any support or management advice for the tasks assigned, and decisions are left to the followers (Bandura, 1997).

Transactional and transformational leadership are considered two active forms of leadership in comparison to a passive laissez-faire leadership style. As no attempt is made by the laissez-faire leader to motivate others or to recognize and satisfy individual needs, researchers have concluded that this leadership style is indicative of an absence of leadership (Bass and Avolio, 1997).

### **2.5.6 Importance of Leadership for Modern Organisation Performance**

According to Adamson and Dornbusch, (2004) Leadership always plays a significant role in the growth and development of any organisation. where, the roles of leaders in professional business environments is not limited to only providing guidance to employees but is extended to closely monitoring their performance. Lawler (2003) suggested that leaders have significant impact on directing employees towards achieving specific organisational goals and objectives. Landrum, et al., (2000) argued that there exists positive association between effective leaders and employee motivation and organisational performance. The effective leaders are directing the employees during difficult times and act as problem solvers for their followers to overcome problems and challenges (Grojean, et al., 2004).

Bass and Avolio (2004) highlighted the role played by leaders in small and medium enterprises. They stated that any organisation, regardless of its size or the industry it operates in, requires effective leaders who can support employees and implement effective strategies to ensure the achievement of desired goals and enhance overall performance. Research by Dasmalchian, et al., (2001) demonstrated the importance of leadership in SMEs across different industries. It has been shown that the transactional style of leadership in industrial organisations is more effective than the transformational leadership style. Whereas, in service-based organisations, transformational leadership style is preferred because it enhances job satisfaction and encourages staff to make an extra effort in order to achieve the specific objectives. Also, it has been argued by Walumbwa and Lawler (2003), that passive avoidant leadership styles style is usually adopted by leaders with a low educational attainment and lack of management experience. In fact, passive avoidant leadership style has the least impact

on ensuring staff motivation and commitment in the professional working environment. Miroshnik (2002) shed light on the importance of leadership styles for a business organisation's performance. This is because of the environment in which they operate. Where leaders are operating in an era where business environments are unstable and changing rapidly, Avolio, et al. (2003), suggested that effective decisions taken by the leaders enable the organisation to cope with business challenges and perform effectively towards improving firm performance. Conversely, Landrum, et al., (2000) argued that leaders should be proactive and are capable of taking responsibility for their decisions to ensure sustainable development for organisations in which they operate. In fact, there is general agreement among scholars in the field of organisational studies that effective leadership is crucial for the success of any business performance. (Walumbwa, et al., 2004).

### **2.5.7 Leadership Styles in Egypt**

In this section, the researcher discusses the research literature concerning leadership styles in Egypt. The previous studies which have been conducted on leadership style in Egypt are lacking compared to empirical studies done in relation to the practice of leadership in Egypt (El Said and El Said, 2012). According to Mensch et al., (2003) and El Said and El Said (2012), Egyptians have traditionally viewed men as leaders, who tend to acquire higher levels of independence compared to women, have more aggressive personalities and dominant natures. Whereas, women are traditionally seen as gentler, passive, more reliant on men and only responsible for household tasks. According to Burke and El-Kot (2010), Traditionally Egyptian women have been discriminated against in the workplace and constrained to the roles of care givers, child bearers, and nurturers in their families. At the same time, men were responsible for providing food,

shelter, clothing, and the rest of life's necessities for the women (El-Ghannam, 2002; Riddle and Ayyagari, 2011). In 2002, women in Egypt contributed 21.8 % of the total labour force (Abdel-Fattah, 2004). Over the past few years, Egyptian women have started to enter the labour force in large numbers (Nassar, 2010; El Said and El Said, 2012). According to the world bank (2018), the percentage of Egyptian women contribute to the labor force increased to be 23.1%.

However, it should be recognised that the literature on leadership has mainly been driven from and representative of primarily Western cultural assumptions. Thus, the concept of leadership in its entirety is more than likely a western construct, where in, the practice and definition of leadership does not necessarily take into account other non-western constructs. The current study argues that this notion is flawed since different parts of the world have different concepts of leadership style and behaviour (Yukl, 1998; Grint, 2005; Jamali and Mirshak, 2007). Al-Homoud, 2001 argued that research has appeared to take for granted the cross-cultural validity of the existence of the concept of leadership and leadership style and has only tested the applicability of western forms of those concepts in foreign cultures and countries rather than develop culturally appropriate examples. Therefore, leadership researchers should proceed with caution when attempting to examine leadership concepts across cultures and nations and try to avoid falling into the trap of the misconceived notion that a universally agreed upon and widely accepted western theory of leadership exists and is relevant globally.

Abdallah, and Al-Hamoud (2001) in their study about the practice of leadership in Arabian gulf states found that lack of empirical studies to explore the practice of leadership styles within organisational in general and SMEs in particular. According to

research by El Said and Said (2012) into the practice of leadership in Egypt, it was concluded that there is a lack of research done concerning Egypt due to a scarcity of data. According to leadership scholars in Egypt (Mostafa, 2003; Nassar, 2010) it has become essential to conduct an exploratory study about the practice of leadership styles within the Egyptian context. Also, they directed the future research towards developing a profile of effective leadership within organisations not only within the Egyptian market but also to cover other Middle Eastern countries, especially after the Arab spring that took place in the Middle East in 2011. In addition, research by Maha's et al. (2010) and El Said and El Said (2012) about leadership in Egypt revealed that there is a pressing need for addressing the question of effective leadership performance in relation to the existence of organisational culture. Another study about the importance of leadership for organisational behaviour in Egypt highlighted the gap in understanding the factors affecting the impact of Leadership on performance such as the role of leaders in strategy formulation and implementation (Rigas and Nawar, 2016). In a study conducted by Maha et al., (2010) on how to improve the organisational performance of small and medium enterprises in Egypt, the lack of human aspects in improving performance has been highlighted. Finally, leaders of the future need to be able to recognize the limitations that could hinder their performance if they strictly follow the leadership style and behaviour theories that are available in the current literature. Finally, Nassar, 2010) asserted that current literature focused the practice of leadership in western cultures and is not considered to be qualified as universal theories that are widely accepted throughout the world. Future research should extend this study by developing a profile of effective leadership in Egypt within SMEs (Nassar, 2010). Table 2.9 will provide summary of previous research conducted to explore the practice of leadership styles within the Egyptian context.

**Table 2.9 Leadership practice in Egypt**

Article	Year	Author(s)	Description
1	2016	Rigas &Nawar	The study explored the impact of organisational culture and planning practice on leadership-performance in Egyptian SMEs operating within manufacturing sector. Data was collected through postal survey from 50 SMEs' managers. Where results revealed the significant impact of leadership styles on SMEs financial performance. In addition, it was demonstrated that organisational culture has significant impact on leadership-SMEs financial performance in Egypt. Future research suggests data collection from SMEs operating within different sector in Egypt.
2	2015	Nawar	The study aimed to explore the practice of leadership within multinational companies operating within Egyptian sector, through case study. The data was gathered from 96 employees within the fast-moving goods industry. Results show the significant impact of transformational leadership styles on organisational performance. Also, it was concluded that passive avoidant has insignificant impact on company performance. The author suggested future research suggestion to be on the relationship between organisational culture practice and importance of leaders in enhancing the performance of SMEs operating within Egyptian context.
3	2013	Abd-El-Salam et al.	The study investigated the relationship among leadership styles, job satisfaction, employee motivation and psychological empowerment. Data was collected from 455 employees from large construction company operating within the Egyptian context. The findings of the case study revealed that leadership styles have a significant impact on job satisfaction and employee motivation. Also, researchers highlighted an existing gap in the literature regarding the lack of empirical studies to measure the practice of leadership styles within medium and small-scale organisations operating within Egyptian context.
4	2014	Metwally et al.	The study measured the impact of transformational leadership styles on employee satisfaction within multinational FMCGs operating within the Egyptian context. Where, data was collected from 150 employees using survey questionnaire. Findings showed that transformational leadership style has positive significant impact on job satisfaction. Authors suggested the importance of assessing the impact of different leadership styles like transactional and passive avoidant on organisational performance within different sizes.



Article	Year	Author(s)	Description
5	2013	El-Nahas et al.	The paper measured the impact of different leaders' behaviour and organisational culture on employees' turnover and organisational commitment through case study conducted about large organisational in Egypt. Data was collected from 700 employees across different branches in Egypt. Where findings revealed that leadership and organisational culture have positive impact on organisational commitment within a large organisation operating within manufacturing sector. Authors suggested the importance or reporting the practice of organisational culture types in relation to leadership behaviours within small and medium enterprises operating in Egypt. Also, they addressed the gap regarding the indirect effect of organisational culture on leadership- performance relationship.

Table 2.9 summarises the main studies conducted to explore the practice of leadership styles within the Egyptian context. In addition, those studies identified the gap in the literature review in regard to the practice of leadership styles in Egyptian SMEs and its influence on firm performance. The current review of the literature in relation to the practice of leadership styles in Egypt identifies a lack of empirical evidence. According to El-Nahas et al. 2013; Abd-El-Salam et al. 2013; and Rigas and Nawar 2016, there exists a need to study the effect of leadership styles on the organisational performance of Egyptian SMEs across different sectors. Therefore, the research in this thesis takes the opportunity to fill the gap in the evidence base regarding SMEs in Egypt by conducting an empirical study to assess the effect of leadership styles on the performance of SMEs in Egypt. Further, it is anticipated that the findings of the current research will identify how to fill the gap in relation to the role that leaders could play to enhance the SME performance in developing countries in general, and the Middle East and North Africa (MENA) in particular.

## 2.6 Organisational Culture

Organisational culture as a concept has raised the attention of many academics as well as researchers in the last decade of the 20<sup>th</sup> century, specifically in the 1980s (Smircich, 1983). In fact, researchers in the field of organisational studies have tried to provide a universally acceptable definition of organisational culture however, no single definition of organisational culture has been agreed upon (Deal and Kennedy, 1982; Hofstede, 1980; Schein, 1992, 2010; Trompenaars and Hampden-Turner, 1997.) On the other hand, Schein (1985, p. 6; 1986, p. 30; 1990, p. 111) provided a comprehensive definition that could be applied to all types of organisations - *"For any given group or organisation that has a substantial history, organisational culture is:*

- (a) A pattern of basic assumptions,*
- (b) Invented, discovered, or developed by a given group,*
- (c) As it learns to cope with its problems of external adaptation and internal integration,*
- (d) That has worked well enough to be considered valid and, therefore,*
- (e) Is to be taught to new members as the*
- (f) Correct way to perceive, think, and feel in relation to those problems."*

The following table provides details about definitions of organisational culture from different authors' perspectives.

**Table 2.10 Organisational culture definitions**

The following table provides summary of previous definitions in relation to the practice of culture within organisations.

Authors	Organisational culture definitions
Deal and Kennedy (1982, p.50)	Organisational culture <i>"is a concept, not a thing"</i> . Organisational culture is defined as the way or the means by which things could be done inside the organisation.
Deshpande and Webster, (1989, p. 4)	<i>"The pattern of shared values and beliefs that help individuals understand organisational functioning and, thus, provide them with norms for behaviour in the organisation"</i> .
Denison (1990)	Underlying values and beliefs that help managers to develop behaviours in order to enforce organisation's principles and achieve its objectives. Provides members of the organisation with required direction, encourages employee commitment, promotes system stability, and shapes behaviour.
Trice and Beyer (1993)	Organisational culture consists of beliefs, values, and norms that bind some people together and help them to make sense of their worlds.
Morgan (1998)	The pattern of development reflected in society's system of knowledge, ideologies, values, laws, and day-to-day rituals.
Van den Berg and Wilderson (2004)	Shared perception of organisational work practice within organisational units that may differ from other organisational units.
Alvesson (2010)	Organisations that are typically unitary and unique, characterised by a stable set of meanings in which organisations are looked at as mini societies, can be problematic in several ways.
Schein (2010)	Set of common shared values, beliefs, norms, and expectations between organisational members. Mechanism or process that enables employees and organisation's systems to achieve higher performance.

*Source:* Researcher based on literature review.

From the above definitions, we can conclude that a definition of organisational culture should include 3 main parts:

First of all, organisational culture is the phenomenon of shared values, beliefs, and assumptions that keep the company and employees together.

Secondly, organisational culture includes some written and unwritten rules and regulations that provide employees with guidance and direction.






Lastly, it provides a sense of belonging and identity for employees.

Finally, Robbins (2001) believes that it is difficult to argue that one definition of culture is superior to another.

Schein (2010) suggests 3 different levels of viewing culture inside an organisation:

- 1- Artefacts
- 2- Beliefs, values, and attitudes
- 3- Basic assumptions

**Figure 2.1 Three-level approaches to organisational culture and its interaction**

<b>Artefacts</b> These take the form of stories, myths, jokes, metaphors, rites, rituals, and ceremonies, heroes and symbols.	The most superficial manifestation of culture.
 	
<b>Beliefs, values and attitudes</b>	
 	
<b>Basic assumptions</b> These concern the environment, reality, human nature, human activity, and human relationships.	

*Source:* Adapted from Schein, 2010.

Figure 2.1 shows that level 1 represents the artefacts and creation of the organisation, such as symbols and rituals. Schein (2010) stated that the artefacts level of culture is considered the most visible level of the culture, which includes organisational structure, common language, and any physical components belonging to the entire organisation. On the other hand, the 2<sup>nd</sup> level consists of values, beliefs, and attitudes, which justify

employees' behaviours and actions during their daily interaction with the internal environment in which they operate. Lastly, the basic underlying assumptions level includes ideas and beliefs that form the essence of the organisational culture, which, in turn, has the greatest potential on shaping and influencing employee's behaviour as well affecting their personality (Schein, 2010).

Furthermore, Cameron and Colleagues, (Cameron and Ettington, 1988; Cameron and Quinn, 2011) suggest that Organisational Culture can be viewed from two different perspectives: Anthropology and Sociology. Within each perspective, exist two sub-divisions, Functionalist and Semiotic (Cameron and Quinn, 2011):

**Table 2.11 Two Perspectives of Viewing Organisational Culture**

The following table summarises the difference between two perspectives of practice of culture within organisations.

<b>Anthropology</b>	
<i>Functionalist</i> Organisation is culture Culture is a dependent variable in an organisation. Treats culture as something. Focuses on collective assumption. Researcher interprets data subjectively. Outside observation by investigation.	<i>Semiotic</i> Culture is everything and is reality. Focuses on individual assumption. Natively interprets data by participant involvement. Immersion required for investigation. Culture as dependent.
<b>Sociology</b>	
<i>Functionalist</i> Organisation has culture. Culture is an independent variable in an organisation. Treats culture for something. Focuses on collective behaviour. Researcher interprets data objectively.	<i>Semiotic</i> Culture helps to make sense of reality. Focuses on individual cognition. Natively interprets data by participant observation. Immersion required for observation. Culture as an independent variable.

*Source:* Adapted from Cameron and Quinn, 2011.

Table 2.11 shows two different school of thoughts of the organisational culture. From the anthropologist's perspective organisational culture is seen as something that organisations actually *are*. Which means that organisational culture is dependent upon organisations. However, in the Sociologist's perspective, culture is seen as something that organisations have. Smircich (1983) and Cameron and Quinn (2011) argued, that anthropologists define culture as a metaphor, whereas, sociologists define culture as an attribute. Meaning that the Sociologists' point of view considers culture as an independent variable that could be changed over time to cope with the surrounding environment. Conversely, the two perspectives can be considered to be based on two different approaches: The Functionalist approach which is based on collective behaviour and the Semiotic approach which is based on individual interpretations and cognitions. The Functionalist approach as introduced by Deal and Kennedy (1982) is based on the idea of identifying which culture would achieve the best results for companies. The Semiotic approach, which was introduced by Gregory (1983) and Smircich (1983) is based on the idea of exploring how employees experience culture in an organisation and how this affects their behaviour toward achieving the organisations' desired objectives (Broadfield et al., 1998). To sum up, Cameron and Ettington (1988) suggest that the Anthropological perspective looks at culture as a dependent variable, whereas the Sociological perspective looks at culture as an independent variable. Based on the perspective of Cameron and Quinn (2011) the current research which aims to investigate the moderation effect of organisational culture dimensions on leadership-SMEs financial performance in Egypt; could be affiliated with a cultural view that looks at culture in terms of functionalist sociology, in which culture is viewed as something that an organisation has rather than is. Where, based on previous studies in Egypt about culture it was clearly demonstrated that

culture is considered as an independent variable in an organisation (El Leithy, 2017). Organisational culture practices in Egypt showed that culture is based on the collective behaviour of employees. In addition, the measurement of culture is based on a positivistic approach that interprets data objectively (El Leithy, 2017). Finally, this study intends to view culture from a dynamic perspective that is changing due to changes in circumstances, situations, life-cycle and size of organisation (Abd-El-Salam et al., 2013).

### **2.6.1 Organisational Culture and Organisational Climate**

“Organisational culture” is a relatively new term, which first appeared around 1970 in business studies. At the beginning, “organisational culture” was used as a substitute for “organisational climate” (Hofstede, 1994). However, since the 1980s, many scholars such as Schein (1984) have criticised this comparison and believe that the two terms should be kept separate. Organisational climate shares similarities with organisational culture; distinguishing between these concepts as used in the organisational culture literature is important because they can be easily misinterpreted or incorrectly used in an interchangeable manner.

A review of the literature demonstrates that organisational climate has generally been defined differently from organisational culture. Organisational culture is a set of shared values, beliefs, and norms that help individuals understand organisational functioning (Deshpande and Webster, 1989). Organisational climate is a related but different concept that has a lot to do with members’ perceptions of “observable” practices and procedures that are closer to the surface of organisational life (Deshpande and Webster, 1989).

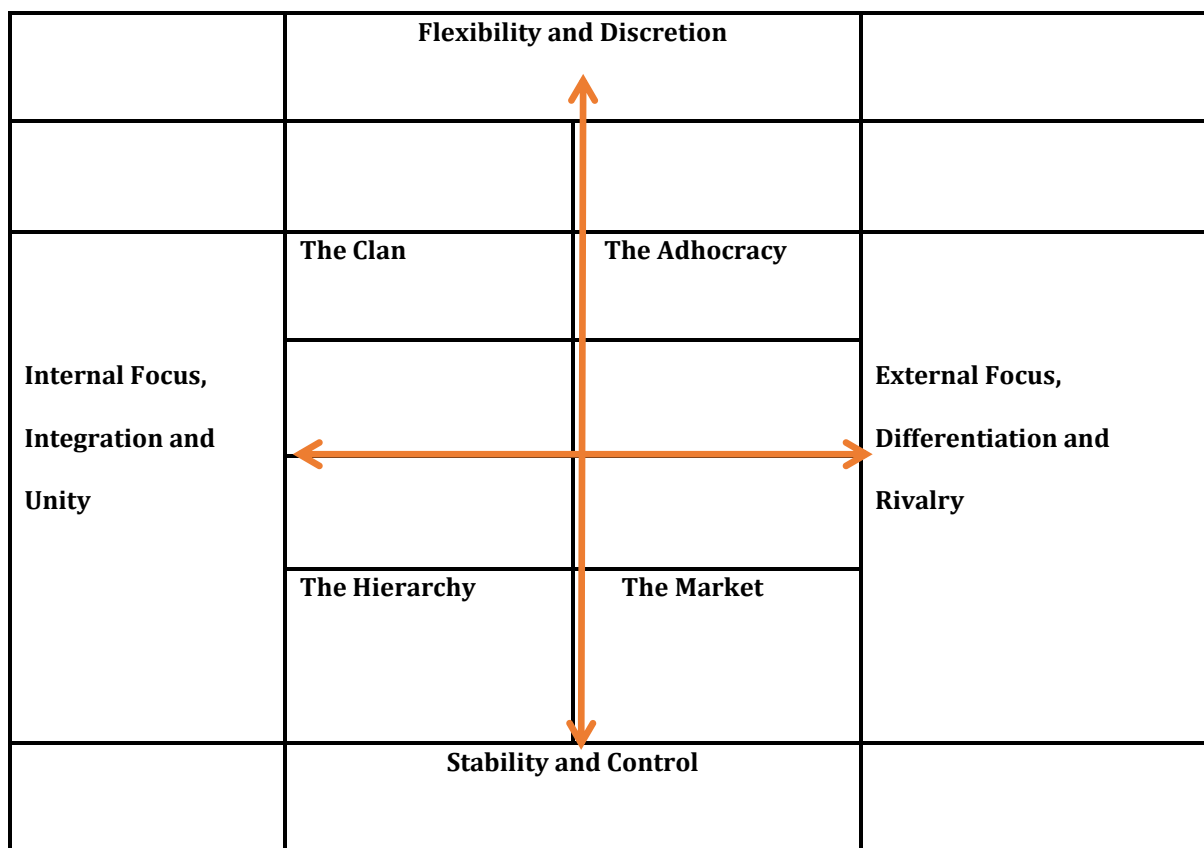
On the other hand, organisational culture focuses on the importance of a deep understanding of underlying assumptions, including the meaning and the insider's point of view of the organisation (Schein, 2004, 2010). Denison (1996) argued that organisational culture and climate should be viewed as different constructs. However, the literature of both organisational culture and climate addresses a common phenomenon, focusing on the creation and influence of social contexts in organisations. Thus, the perceived differences between organisational culture and climate are mainly derived from their perspective theoretical foundations.

## **2.7 Competing Values Framework (CVF)**

The Competing Values Framework (CVF) was developed by Deshpande et al. (1993), Moorman (1995), and Cameron and Quinn (1999) for organisational analysis, focusing on organisational effectiveness. It is built along two dimensions emphasising competing values: (a) focus (external versus internal) and (b) structure (control versus flexibility), as illustrated in the figure 2.2. When applied to organisational culture, these two dimensions yielded a matrix with four quadrants, each representing a different type of culture: (1) clan, (2) adhocracy, (3) hierarchy, and (4) market (Cameron and Quinn, 1999; Quinn, 1988).



**Figure 2.2 The Competing Value Framework**



*Source:* Adapted from Cameron and Quinn, 2011.

From the above figure, we can notice that the vertical dimension of the framework differentiates effectiveness criteria that emphasise flexibility, discretion, and dynamism from criteria that emphasise stability, order, and control. The horizontal axis differentiates effectiveness criteria that emphasise internal orientation, integration, and unity from criteria that emphasise external orientation, differentiation, and rivalry. Moreover, clan culture emphasises flexibility, internal focus, and the development of human resources. On the other hand, market culture focuses on control, planning, goal setting, and productivity with an external orientation. The adhocracy culture emphasises flexibility, adaptability, and resource acquisition, with an external focus. Lastly, hierarchy culture focuses on stresses stability, control, and information management, with an internal orientation (Cameron and Quinn, 2011). Finally, each

culture represents a different set of basic assumptions, orientations, and values, which together constitute organisational culture.

**Table 2.12 Organisational Culture Dimensions**

In Table 2.12 the researcher presents the definitions of organisational culture dimensions-based on Cameron and Quinn's study (2011).

Organisational culture dimensions	Definition
<b>Clan Culture</b>	<ul style="list-style-type: none"> <li>• A very friendly place to work, where people share a lot of themselves.</li> <li>• It is like an extended family.</li> <li>• The leaders are considered mentors and, perhaps, even parent figures.</li> </ul>
<b>Adhocracy Culture</b>	<ul style="list-style-type: none"> <li>• A dynamic, entrepreneurial, and creative place to work.</li> <li>• People stick their necks out and take risks.</li> <li>• The leaders are considered innovators and risk takers.</li> </ul>
<b>Market Culture.</b>	<ul style="list-style-type: none"> <li>• A results-oriented organisation whose major concern is getting the job done.</li> <li>• People are competitive and goal-oriented.</li> <li>• The leaders are hard drivers, producers, and competitors.</li> </ul>
<b>Hierarchy Culture</b>	<ul style="list-style-type: none"> <li>• A very formalised and structured place to work.</li> <li>• Producers govern what people do.</li> <li>• The leaders pride themselves on being good coordinators and organisers, who are efficiency-minded.</li> </ul>

*Source:* Adapted from Cameron and Quinn, 2011.

Table 2.12 presented organisational culture dimensions: clan culture (group culture), Adhocracy culture (developmental culture), market culture (rational culture) and hierarchical culture (hierarch culture) (Cameron and Quinn, 2011). According to Quinn and McGrath (1985) both market and adhocracy culture are characterised by shorter time horizons than clan and hierarchical culture. Those characteristics are driven based on the competing value framework (CVF) summarised in figure 2.2.

According to Robbins (1990), every organisation has its own life-cycle, and this will progress through common stages. It is essential for organisations to ensure they are using the most appropriate culture that not only fits with the adopted leadership style but also suits its desired objectives. For example, SME in the first stage of its life cycle needs innovation, creativity and flexibility, values which are present in the Adhocracy culture. However, this culture would not be suitable when an organisation reaches the maturity stage of its life-cycle and becomes larger. For example, Apple, which, when it started 30 years ago as a small firm, initially showed characteristics of an Adhocracy culture as it needed innovation and creativity, but now it is more market and customer orientated, and therefore closer to a Market culture (Schein, 2010).

## **2.8 The Practice of Organisational Culture in Egypt**

After, the Arab spring revolutions which took place in 2011, the Egyptian revolution and Muslim brotherhood took control of the country. The leadership styles and organisational culture has changed towards supporting employees to increase higher productivity and higher performance since the market has become more competitive. Also, economic circumstances since the revolution have promoted the important role of SMEs in boosting economic growth. In SMEs where the organization is regarded as the family, employees tend to consider the manager to be like a father or sibling (EL Leithy, 2017). These elements can be crucial in formation of an organisation's culture as it defines the subordinate's expectations of his superior as well as the Superior staff member's expectations of his subordinate. Table 2.13 shows some of the studies in Egypt which included Organisational culture and are based on the competing values framework (CVF). Also, the studies highlighted the importance of organisational culture in relation to leadership styles and organisational performance.

**Table 2.13 Organisational Culture studies in Egypt**

Article	Year	Author(s)	Description
1	2017	El Leithy	A study of the impact of organisational culture dimensions on the organisational performance. The research aims to develop and test a theoretical framework that combines Organisational culture in relationship to work related attitudes, work behaviour as intervening variables and Organisational performance. Results revealed that both work-related attitudes and work behaviour are major contributors to Organisational performance. Moreover, the study shows that organisational culture has significant impact on organisational performance within larger organisations. Study suggested future research direction to study the relationship between Organisational culture and SMEs financial performance as there is currently a lack of empirical work in this area.
2	2013	Mohamed	A study focused on the determinants of work relation perception of organisational culture in Egypt. Wherein, the paper aimed to investigate different types of Organisational cultures common in Egyptian workplaces. Additionally, it aimed to answer the question of how organisational culture may be influenced by the type of ownership by comparing results from large and small organisations. This study recommends that scholars should conduct more studies on exploring the real reasons behind how to improve financial and economic performance. Also, to conduct empirical research to explain the gap between the factors affecting performance within large and small enterprises, in order to come up with a business model that indicates the antecedents of high and constant organisational performance.
3	2013	Abd-El-Salam et al.	The study explores the relationship among leadership behaviour, organisational culture, job satisfaction, organisational commitment and turnover intentions in one of the biggest multinational companies in Egypt. Findings revealed that leadership has significant impact on organisational culture and other constructs under investigation within the Egyptian market. The study raised attention for further investigation on how organisational culture based on the CVF model would influence leadership practice within different sized organisations in Egypt.
4	2012	Islam et al., 2012	Study conducted on the influence of organisational culture dimensions within middle eastern culture. The authors suggested to fill gap in the current literature by conducting empirical research to consider aspects

Article	Year	Author(s)	Description
			of organisational culture and its role in supporting leaders at different level of organisations. In addition to explore how the culture would affect the influence of leaders on organisational performance with different sizes.
5	2004	Shahin & Wright	Study examined leadership in the context of culture within Egyptian market. They highlighted the gap in the literature in relation to studies of the impact of organisational culture on leadership styles. Where, findings show that culture has positive influence on leadership practice mainly: transformational and transactional performance. The author argued that it is extremely necessary to conduct more studies on the impact of leadership style on studies within organisations in Egypt.

Table 2.13 summarises the main studies conducted to explore the relationship between leadership, organisational culture and organisational performance. In addition, those studies addressed the gap in the literature review in regard to the practice of culture within SMES in Egypt and its influence on both leadership styles and performance. As can be seen from Table 2.12 there is a lack of comprehensive studies of organisational culture and its impact on leadership styles and organisational performance specifically within the SMEs sector in Egypt. It can also be concluded that there is much emphasis in these studies on the relationship between organisational culture and leadership style, which could be related to the particular national culture of the country. Particularly in respect of the employees' view of managers and leaders, being analogous to a father or close siblings, wherein they see an organisation as an extended family. As a result of the lack of comprehensive empirical model to measure the effect of organisational culture dimensions on the leadership-performance relationship (Rigas and Nawar, 2016), the current study took the opportunity to conduct the first empirical model to assess the effect of organisational culture on leadership-performance relationship within

Egyptian's SMEs. It is hoped that the findings of the current study will fill the gap on the role that organisational culture could play to enhance the leadership-SMEs financial performance in developing countries in general, and the Middle East and north African (MENA) in particular.

## **2.9 Strategic Planning**

### **2.9.1 Definition of Strategy**

To provide a comprehensive definition of the meaning of strategic planning, the researcher will start by defining the concept of strategy. Many scholars have attempted to define strategy differently based on the operating context and situations. According to Ansoff (1965), strategy is considered the final shared common output that resulted from different organisations' activities, which enable organisations to set their long-term plan. In the same fashion, Andrews (1987) defined strategy as a mechanism through which the organisation defines its common goals and objectives. Also, it describes the manner and decision that will help an organisation to attain its long-term goals by identifying the company's policies. Chandler (1962) added that strategy enables the organisation to adopt action plans in order to achieve its common set of objectives and goals. Furthermore, it facilitates the allocation of resources towards attaining long-term goals. As Mintzberg (1987, p.34) posits, strategy is "a pattern in a stream of actions over time". Johnson et al. (2007) provide a comprehensive definition of strategic planning, which views strategy as the direction and scope of an organisation, which will bring benefits to the organisation in the long run. The strategy of the organisation encompasses internal competitive capacities and actions and external potential opportunities.

### **2.9.2 Strategic Planning**

Strategic planning as a terminology is considered a new term in business studies. It has its roots back to the mid-20<sup>th</sup> century between 1950 and 1960. Based on the studies by Boyd (1991) and Guerras-Martín et al. (2014) in the field of strategic management. They considered strategic planning as a management function that allows organisations to better identify their main aims and goals. According to Skokan et al. (2013), strategic

planning is seen as a strategic tool that is used to generate as well as evaluate organisational strategy. In the same manner, Bateman and Zeithml (1993) defined Strategic Planning as a *“systematic process in which decisions are made about the goals and activities that an individual, group, work unit or organization will pursue in the future.”* **The current thesis adopted** Robson’s (1994, p.15) a comprehensive definition of Strategic Planning as *“the process of developing and maintaining consistency between the organization's objectives and resources and its changing opportunities.”* On the other hand, Miller and Cardinal (1994) claimed that strategic planning is equally beneficial to SMEs and large companies in terms of encouraging and boosting performance.

In fact, Strategic planning has been defined in numerous ways.

The table below provides some of the operational definitions as highlighted in the Strategic Management literature.

**Table 2.14 Strategic Planning Definitions**

Author(s)	Strategic Planning Definitions
Huang (2005)	Strategic planning is considered a complex process that involves the participation of key management personnel in environmental scanning. Also, it includes the formulation of organisational mission and vision to improve current performance, as well as formulating strategies in order to increase market competitiveness.
Steiner (1979, p. 16)	[...] strategic planning is not a simple aggregation of functional plans or an extrapolation of current budgets. It is truly a systemic approach of manoeuvring an enterprise over time through the uncertain waters of its changing environment to achieve set objectives.
Mintzberg and Quinn (1991)	General view of strategic planning: ‘human nature insists on a definition for every concept. But the word strategy has long been used implicitly in different ways, even if it has traditionally been defined in one. To almost anyone you care to ask, strategy is a plan - some sort of action, a guideline (or set of guidelines) to deal with a situation’.
Ohmae (1983)	Found that ‘business strategy is about competitive advantage. The sole purpose of strategic planning is to enable a company to gain as efficiently as possible, a sustainable edge over its competitors’. Other authors have defined



Author(s)	Strategic Planning Definitions
	strategic planning as a response to environmental uncertainty.
Ackoff (1970,p.13)	Said that `planning is required when the future state we desire involves a set of interdependent decisions, which is a system of decisions'. An important parameter of Ackoff's definition is his mention of the `future state'.
Goodstein et al. (1993)	Defined Strategic planning practice within organisations as a process of guiding management's vision and helping in the development of the required procedures to achieve company's objectives.
Michaluk (2002)	Defined strategic planning as process to encounter what is required to be done in order to achieve a company's main goal.
Stonehouse and Pemberton (2002, p. 854),	Stated that strategic planning is a "centre on the setting of long-term organisational objectives and the development and implementation of plans designed to achieve them".
Odame (2007, p. 10)	"Method of formulating and implementing long-term plans in a broad and flexible manner in order to achieve the aspirations of the organisation."
Daft (2012, p. 180),	"The act of determining goals and defining the means for achieving them. Plus, planning helps managers think toward the future rather than thinking merely in terms of day-to-day activities."
Quinn (1980)	Strategic planning is a process that coordinates the organisational goal development and patterns of activity in such a way as to result in a synergistic outcome.
Kraus et al., (2006, p. 3),	"Strategic planning is the attempt to prepare for future contingencies and, thus, to account for environmental dynamics and complexity."
Elbanna (2009, p.786)	Strategic planning practice is the extent to which the company uses strategic planning tools.

### 2.9.3 Importance of Strategic Planning Practice

The strategic planning process is considered a crucial element in the success of an organisation regardless of its size; large or small and medium enterprise (SME). In fact, the significant importance of the Strategic Planning process is well documented in the existing literature of organisational studies. According to Greenley (1994), Griggs (2002), Savaneviciene and Stankkeviciute (2010), and Aldehayyat and Twaissi (2011), the benefits of the formulation and implementation of the Strategic Planning process

could be traced in different organisations, whatever their size or the industry in which they are operating as follows:

- 1- Enhancing the coordination, as well as the integration between different business unit strategies inside the organisation.
- 2- Providing managers with the capability to control and review overall organisational corporate performance.
- 3- Enabling managers to achieve company objectives.
- 4- Facilitating internal communication between all the members of the organisation.

Furthermore, Skokan et al. (2013) added that Strategic Planning helps an organisation to achieve a better job performance by focusing its energy to ensure that members of the organisation are working towards achieving common goals and objectives. In addition, the importance of strategic planning is not limited to the private sector, but it can also be traced to the context of the government and public sector, as it helps in providing guidance for the generation of public policy and law (Aldehayyat and Khattab, 2012).

Strategic planning is important for businesses because it matches business strengths with marketplace opportunities and provides direction to meet goals. A strategic plan is a roadmap for helping businesses accomplish desired goals and objectives. Also, it helps in the process of integrating different departments within the organisation: management, marketing, sales, target customers, products, services, and finance. Christ (2012) highlighted the importance of applying the strategic planning process, as it is fundamental in linking the internal capability of the company to the marketplace opportunity. Also, it acts as a measurement tool for assessing the effectiveness of organisational performance. Specifically, strategic planning helps in assessing the

success or failure of a company's objectives in the short and long-term, as well as enabling managers to make adjustments to the current plan towards ensuring profitability. Finally, Taiwo and Idunnu (2007) suggest that the formulation and implementation of strategic planning are highly associated with better organisational performance in the long term and thus ensures competitive advantage.

#### **2.9.4 Benefits of Strategic Planning Practices for SMEs**

According to Desai (2000), the importance of the strategic planning process is well documented in SMEs. In addition to providing managers/owners of SMEs with a roadmap that helps them to know where they are going and how they will achieve their main goals, it helps them identify uncertainties that exist in the external environment they are dealing with. Also, strategic planning helps SME managers with creating linkage and integration between their mission, vision and goals, as well as helping them direct their available resources towards achieving them (Fraser & Stupak, 2002; Goncalves, 2009). Strategic planning helps to identify business problems and their causes, as well as provide manageable solutions. Furthermore, Dubihlela and Sandada (2017) in their research about the practice of strategic planning in South African SMEs, suggested that strategic planning is seen as an effective tool for helping SMEs overcome obstacles while dealing with a highly dynamic and competitive marketplace.

O'Regan and Ghobadian (2004) highlighted the importance of a strategic planning system in their research carried out on SMEs in developed countries. They reported that effective planning will help businesses define their long-term goals. Also, it will ensure the required balance between the firm's internal capability and the environment in which they operate. Finally, the practice of strategic planning will improve market opportunities and reduce the threats due to the instability of the market.

### **2.9.5 Problems/Obstacles Facing Strategic Planning Implementation / Practices within SMEs**

According to French, Kelly, and Harrison (2004), there is little attention given to conducting empirical research concerned with the evaluation of effective strategic planning in small and medium enterprises when compared to larger organisations. In the same vein, Sum et al. (2004) referred to the scarcity of empirical research related to SMEs in business research despite the great contribution to the economies of most developing and developed economies. Finally, Phillips (2000) emphasised the need for more systematic research that would explore the practice of strategic planning within SMEs.

Robinson's study (1982) pointed out some of the problems facing the implementation of formal strategic planning in SMEs:

- Lack of engagement from small business owners and managers in the planning process.
- The failure of achieving organisational goal and objectives, which becomes an obstacle towards effective implementation of the strategic planning process.
- The failure to involve employees in the strategic planning process and the lack of understanding of the organisational goals and objectives.

Furthermore, Rutan (2007) refers to one of the major problems facing the practice of the strategic planning process in small firms as the lack of commitment and unwillingness to engage company resources - time, creative energy and financial ability in the planning process to implement the required plan. These company resources are all essential in the effective planning process.

### 2.9.6 Assessing Strategic Planning Practice

Scholars in the field of strategic management and organisational studies have agreed on the use of a multidimensional approach in assessing and measuring the practices of strategic planning by focusing on the presence or the absence of strategic planning and its degree of formality within small firms. In fact, strategic planning dimensions have been extensively examined in the literature review in the light of its importance and effectiveness in enhancing and boosting firm performance. This section is devoted to highlighting strategic planning dimensions as discussed by different scholars in management and organisational studies disciplines. To measure the effectiveness of strategic planning in SMEs operating within the Egyptian context, the current thesis adopted the multi-dimensional approach is used for measuring the Strategic planning process effectiveness, where the multi-dimensional approach was introduced by Ramanujam, Venkatraman and Camillus (1986) and Ramanujam and Venkatraman (1987). Later, one of the multi-dimensional approaches was modified and updated by Griggs (2002) in his research on small-scale firms. Griggs (2002) suggested 5 main dimensions of measuring the practice of strategic planning effectiveness within small firms, namely: (1) The use of strategy tools and techniques, (2) Attention to internal facets (3) Attention to external facets, (4) Functional coverage and (5) Involvement of key personnel in the planning process. For the purpose of this study, the Multi-Dimensional Approach (MDA), modified by Griggs (2002). The table 2.15 summaries the strategic planning dimensions as examined in the literature review:

**Table 2.15 Strategic Planning Dimensions**

Study	Strategic planning process dimensions
Ramanujam et al. (1986)	System capability, use of strategy tools and techniques, attention to internal facets, attention to external facets, functional coverage, resources provided for planning, and resistance to planning.

Study	Strategic planning process dimensions
Athiyaman & Robertson (1995)	Attention to internal aspects, attention to external aspects, use of techniques, and functional integration.
Karger and Parnell (1996)	Degree of internal orientation, degree of external orientation, degree of integration achieved within the functional department, extent of key personal involvement in the planning process, extent of use of analytical techniques in addressing strategic planning issues, creativity in planning, and focus on control.
Boyd & Reuning-Elliott (1998)	Mission statement, trend analysis, competitor analysis, long-term goals, annual goals, short-term action plans, and ongoing evaluation. This research is conducted in two independent samples in the US.
Yasai-Ardekana & Haug (1997)	Process formality, size of planning effort, process sophistication, planning horizon, and the extent of the involvement of the CEO and top management and line management in the planning process.
Phillips & Moutinho (1999)	Formalisation, participation, sophistication, and thoroughness.
Koufopoulos et al. (2005)	Planning formality and completeness, internal and external orientation, CEO's involvement, centralisation of the process, time horizon of planning and the frequency
Elbanna (2010)	Involvement in planning activities, written strategic plans, time horizon for planning and strategy techniques.
Efendioglu and Karabulut (2010)	Strategy techniques, strategic planning issues and planning process.

*Source:* Research based on strategic planning literature.

Many scholars attempted to identify the characteristics and dimensions of strategic planning practices with large and small organisations. The study conducted by Ramanujam, Venkatraman and Camillus (1986) is one of the first studies to recognize the multidimensional nature of assessing the strategic planning practices. They conducted the study on Fortune 500 companies to indicate the characteristics of effective strategic planning in relation to its performance. As a result, they developed multiple criteria to assess effective strategic planning practices. Whilst the study relates to large firms, it provides a useful basis for assessing similar characteristics in SMEs.

They provided 7 different dimensions or characteristics of the effective strategic planning process in organisations based on different studies: 1-Systems capability, 2- the use of techniques, 3-attention to internal and 4- external facets, 5-functional coverage 6-resources provided for planning, 7- the degree of resistance to planning.

In the late 90s, Ramanujam and Venkatraman (1987) suggested 6 different attributes that contribute to effective practice of strategic planning, which is based on the study they conducted on 207 large enterprises operating in North America:1-Resource commitment, 2-line staff commitment, 3- internal capabilities, 4- functional integration, 5- the use of analytical techniques, 6- a balance between creativity and control.

In the late 20<sup>th</sup> century, Veliyath and Shortell's (1993) suggested the following characteristics for effective strategic planning: first, planning implementation based on the assumption that internal strategies applied by organisations are the result of managerial choice response formulated as responses to external environmental conditions. Secondly, they promoted the importance of key personnel involvement in the formulation and implementation of the strategy. Third, the role of staff planning assistance. Last, they addressed the importance of creative and innovative strategic planning. Finally, Karger and Parnell (1996) in their study of the impact of strategic planning on organisational performance for small banks reconsidered the work done by Ramanujam et al. (1986). Ramanujam and Venkatraman (1987) and Veliyath and Shortell (1993) suggested 7 characteristics associated with the implementation of the strategic planning process in small companies:

- 1- External environment
- 2- Internal environment
- 3- Functional coverage
- 4- Use of techniques

- 5- Resources for planning
- 6- System capability or creativity
- 7- Focus on control.

Later in 2002, Griggs, based on the research carried out on small-scale firms, modified the study by Ramanujam, Venkatraman and Camillus (1986) and Ramanujam and Venkatraman (1987) and Karger and Parnell (1996) and suggested 5 strategic planning characteristics such as attention to internal facets, attention to external facets, functional coverage, use of Strategy and techniques, and involvement of key personnel in the planning process.

#### **2.9.6.1 Internal and external orientation**

Internal and external orientations are considered essential dimensions in the strategic planning process. Ramanujam and Venkatraman (1987, p. 455) argue that:

*[...] if a formal planning process is to assist in strategy development, as opposed to being a mere number-crunching exercise, then it must include mechanisms for performing the classical SWOT (i.e. strengths, weaknesses, opportunities, threats) analysis in a meaningful and comprehensive manner.*

#### **2.9.6.2 External Focus/Orientation**

Duncan (1972, p.14) described the external orientation or focus as “those relevant and social factors outside the boundaries of the organisation or specific decision units that are taken directly into consideration”. In the same manner, Karger and Parnell (1996, p.12) mentioned that “external orientation is the ability to obtain reliable and timely research information to learn about external environmental opportunities and threats”.

Heagarty and Hoffman (1987) described the external environment as the competitive place in which the company operates. Mintzber (1994) refers to the factors that affect



companies in the external environment as economic, political, technological, social and cultural, where he highlighted the importance of external orientation. This is because those factors could directly affect a company's future performance and affect overall competitiveness. Duncan asserted that external orientation or focus varies heavily depending on the market where the company operates such as: dynamic market.

In support of this stance, Covin and Slevin (1989), in their study focused on SMEs, highlighted the importance of the external environment. They stated that country's economic condition is considered as determinant of small firm creation and success. Storey et al. (1987) agree relating the slow growth of SMEs to the little attention given to external environment. Lawrence and Lorsh (1967) referred to the importance of uncertainty and awareness as the key effective factors in the external environment for SMEs. Karger and Parnell (1996) created a model for assessing the external environment of SMEs, where they focused on the number and diversity of external factors affecting SMEs. Karger and Parnell (1996) suggested some attributes/ characteristics related to the external environment of SMEs to be:

- Economic and business conditions
- Government regulations
- Competitive position of the firm
- Technology aspects
- Focus on consumers' preference and trends

#### **2.9.6.3 Internal Focus**

According to the study by Camillus and Venkatraman (1984, p.32), a company's internal focus is described as "the extent of attention devoted to an organisation's recent history

and current situation, past performance, and analysis of strengths and weaknesses”. In the same vein, Duncan (1972) defined the internal orientation/focus of the company to encompass [...] those relevant physical and social factors within the boundaries of the organisation or specific decision units that are taken directly into consideration in the decision-making behaviour of individuals in that system. According to Ramanujam et al. (1986), internal focus represents the orientation towards assessing organisational strengths and weaknesses and the internal actions that should be taken in order to achieve company’s objectives and goals. Hmael and Prahalad (1994) referred to the importance of internal orientation as a tool for an organisation’s competitive advantage. Similarly, Poter (1980) addressed the importance of effective internal orientation in helping the organisation towards making a better strategic choice and creating more competitive advantage.

Karger and Parnell (1996) referred to seven internal attributes used to assess the internal orientation aspect of strategic planning practices in the light of small firms:

1. Past performance of the Firm
2. Conducting products/services strength and weakness analysis
3. Strengths and weaknesses in marketing analysis
4. Internal analysis of the firm’s general managerial ability
5. Internal analysis of the firm’s human resources
6. Financial strengths and weaknesses
7. Diagnostic assessment of past failures or performance shortfalls

#### **2.9.6.4 Functional coverage**

Ramanujam and Venkatraman (1987, p. 455) defined functional coverage as “the extent of coverage given to different functional areas with a view to integrating different functional requirements into a general management perspective”. Ramanujam et al.

(1986) argued that functional coverage can vary because of the strategic differences in the competitive postures of firms in an industry. The authors state that some firms might give greater emphasis to product/service price and volume, while others may have emphasis upon product differentiation and customer service. They suggest the use of a balanced emphasis between different organisation functions, as it will lead to a greater efficiency. In fact, the majority of empirical studies have been carried out in large organisations, as most SMEs do not have the ability to divide tasks and separate functions and duties amongst employees in the same way that large firms can (Ramanajum and Venkatraman, 1987; Ramanujam et al., 1986, Hammer, 1990). However, the use and adaptation of functional integration has been noted in Karger and Parnell' study of small firms. O'Regan (2000) stated that there are some attributes related to measuring the functional coverage of SMEs based on an exploratory research that focused on SMEs in the UK. This is based on the degree of emphasis given to all organisation functions instead of the emphasis given to every single function.

According to O'Regan and Ghobadian (2002) the functional coverage should emphasise the following attributes:

- Employees' understanding of all organisation's functions
- Cross-functional support
- The coordination and integration of different organisational functions.
- Support and effort given to achieve functional agreement.

#### **2.9.6.5 Use of Strategy tools and techniques**

According to Aldehayyat et al. (2011), the use of strategic techniques refers to the degree of attention given by the management and owners of firms regarding the use of different strategies and tools to remedy existing strategic problems and to better identify the current strategy. Griggs (2002, p.26) defines the use of strategy as "the

extent of use of analytical techniques in addressing strategic issues". This approach is used in a multidimensional process for assessing effective strategic planning in small firms. According to Karagar and Parnell (1996), the use of strategy tools and techniques refers to the use of financial models and conducting stakeholder analysis. Also, it includes the use of scenarios/Delphi techniques and forecasting methods. O'Regan and Ghobadian (2002), in referring to SMEs, suggested the use of analytical techniques - the ability to use techniques by small firms and the ability and affordability of the firm to get help from the external environment in order to compete effectively in the market where they operate Hayes and Abernathy, 1980).

#### **2.9.6.6 Involvement of key personnel**

According to the study by Griggs (2002) on small firm's key involvement of personnel, this refers the extent to which line managers, CEO and others key employees are involved in the strategic planning process. In the same vein, Aldehayyat et al. (2011), in their study of small firms in the Middle Eastern countries, define the involvement of key personnel as the extent to which top, and line managers are involved directly in setting up the strategic planning process. King and Clelan (1979) referred to the involvement of key personnel as the resources for the strategic planning process, which reflects how the strategic plan is deployed. Also, Ramanujam et al. (1986) and Karagar and Parnell (1996) highlighted the importance of specific resources such as physical and financial resources as well as the direct involvement of CEO, top management and line managers in the strategic planning process. Chan (1993) focused on the importance of line managers in the attainment of competitive advantage in the marketplace. Also, Karger and Parnell (1996) stressed the involvement of Board of directors (BOD) in accomplishing the company's strategies. They suggest the use of the following characteristics:

- Time spent by the Managing Director
- Involvement of line managers
- Involvement of consultants
- Availability of relevant and adequate information from available sources
- Other physical and financial resources
- Involvement of ad hoc working groups

O'Regan's study (2000) of SMEs in the UK highlighted the non-existence of BOD in SMEs. He suggested the use of characteristics that include the degree of emphasis on employees' involvement in the strategic planning process, as their role is considered vital in attaining organisational goals.

## **2.10 The Practice of Strategic Planning in Egypt**

Through conducting the current review of the strategic planning literature, it is clear that majority of the literature on strategic planning comes from Western economies and the United States in particular. According to Hainse (1998), frameworks developed on western economies may not necessarily be applicable to developing countries in general and in Middle Eastern countries specifically. Gelfand et al. (2007), raised the question to what extent North American strategic management paradigms could be effective and suitable for practice within developing countries. Most of scholars in the area of strategic planning in the Middle East argued that much is known of the practices of management in Western countries, comparatively little is known about their equivalent in Arab countries (Parnell and Hatim, 1999; El-Kot and Leat, 2005; Elbanna, 2008; Elbanna, 2010). Table 2.16 summarises the existing gap in the research literature for Strategic Planning in the Middle Eastern context and in Egypt in particular.

**Table 2.16 Strategic Planning studies in Egypt**

Article	Year	Author(s)	Description
1	2017	Khamis	In his study on the relationship between strategic management practices and leadership Egyptian universities has showed the lack of strategic planning practices within organisations in Egypt. There is lack of awareness of the importance of organisational leadership review and evaluation of strategic performance compared to the formulation of strategic planning. The author suggested the importance of conducting empirical study to investigate the impact of leadership on strategic planning practices.
2	2013	Ghoneim & ELBaradei	The study intends to explore the impact of strategic planning on Egyptian Non-profits performance. Which was considered as one of the few studies to report the practice of strategic planning in Egyptian public sector. Findings showed significant impact of strategic planning activities and non-profits BSC performance. The author suggests future direction by using financial indicator to measure performance. Also, it addresses the importance of conducting studies in both large and small and medium enterprise operating within Egyptian context.
3	2010	Elbanna	The study aimed to report the nature of strategic planning practices within middle eastern countries. Where, the findings of the study highlighted the gap in the literature review in addressing the lack of empirical studies to measure the impact of strategic tools and its impact on different measures of organisational performance.
4	2008	Elbanna	The study investigated the relationship between strategic planning practice, management participation, and strategic planning effectiveness within privately owned companies operating within Egyptian market. Organisations. Findings revealed that that management participation in in Egypt does not contribute to strategic planning effectiveness. The study suggested further investigation of the role of leaders in effective implementation of strategic planning practices within organisations.
5	1994	Parnell & Hatem	In study conducted on the practice of strategic planning practice on in Egypt, have concluded that employee involvement in the formulation of strategy have led to weak management practice in Egypt. They suggested the need for empirical research to include intervening variables between the practice of strategic planning and management participation and Organisational outcomes such as the important role of

Article	Year	Author(s)	Description
			leaders in facilitating the implementation of strategic planning practices.

Table 2.16 summarises the main studies conducted on reporting the practice of strategic planning within Egyptian organisations. From this review it is evident that a gap currently exists in the literature concerning Strategic Planning in the Egyptian context, and furthermore no study has attempted to report and explore the impact of strategic planning practices within SMEs operating in Egypt. Neither has any study attempted to measure the impact of Strategic planning practice on SMEs financial performance. Finally, there is call from management scholars in the Middle Eastern countries in general and Egypt specifically to address the importance of leadership styles in relation the practices of strategic planning and organisational performance (Elbanna,2010). Therefore, the current research aims to fill the existing gap revealed by this review of the literature by conducting three empirical studies to address the impact of leadership style on Strategic planning practices in Egyptian SMEs, to investigate the impact of strategic planning activities on SMEs financial performance in Egypt. Additionally, to test the mediating impact of strategic planning on leadership and-SMEs financial performance. In addition, these empirical studies will contribute directly to existing theories related to the resource-based view (RBV) approach to fill the gap in relation to both the Egyptian context and Middle East and North African countries (MENA).

## 2.11 Organisational Performance

Performance as a concept has been widely used and observed in social science research. The term has also been extensively used in the literature related to the management field in relation to strategy, leadership, operations and organisational studies. However, despite Performance attracting the attention of many scholars there remains a lack of a unified definition as noted by Lebas' (1995, p.15) who comments: "Few people agree on what performance really means; it can mean anything from efficiency to robustness or resistance or a return on investment, or plenty of other definitions never fully specified". On the other hand, Sieger (1992, p. 46) defined performance in relation to business studies as "being a performance measure, which is one of the quantitative indicators used by management to judge how well one part - or all - of a company is doing".

As a result, many scholars have tried to provide a single consensus definition of performance and failed. Venkatraman and Ramanujam (1986) stated that defining firm performance is a continuous challenge for most academic researchers due to its complex nature. Also, there is a general agreement that organisation performance has a different meaning related to the field of practice and therefore should be distinguished based upon relevant organisational theories. Organisational performance has been defined by Madella et al. (2005, p.211) as *"the ability to acquire and process properly human, financial and physical resources to achieve the goals of the organisation."* Flapper et al. (1996) defined organisational performance as the way the organisation carries its objectives into effect. Other scholars linked the performance to intangible goals that organisations intend to achieve, such as internal objectives and meeting customer expectations. According to Lee (2008), organisational performance compares the goals and objectives, which organisations have planned to achieve. In contrast, Hubbard



(2009) and Ramezan et al. (2013) related performance to external factors such as: stakeholders, environmental responsibility, social and economic factors.

Conversely, Richard et al. (2009) defines firm performance from the management accounting point of view, wherein they argue that firm performance is based on three main pillars, namely; financial performance, product market performance and shareholder return. Other scholars also considered performance through organisational culture and the involvement of key personnel in creating and shaping the culture of the organisation (Kennerley and Neely, 2003).

According to Neely (1995), performance measurement is the process of measuring and evaluating the efficiency and the degree of effectiveness of a firm's action. In the same manner, Daft (2010) related the performance not definition of an organisation to its internal process and defined it as the firm's ability to effectively and efficiently use its internal resources such as employees and physical materials. Koufopoulos (2008) highlighted the critical role played by performance measurement in the business and management field when compared to the accounting field.

#### **2.11.1. Firm Performance and Firm Effectiveness**

According to Venkatraman and Ramanujam (1986), there is a difference between organisational performance and effectiveness, where the performance of any organisation is a type of organisational effectiveness indicator. In fact, organisational effectiveness is considered a broader concept or construct that encompasses organisational performance. Table 2.17 provides a brief comparison of organisational performance and organisational effectiveness:

**Table 2.17 Comparison of Performance and Effectiveness**

<b>Organisational Performance</b>	<b>Organisational Effectiveness</b>
Organisational performance consists of: <ul style="list-style-type: none"><li>1- Financial aspects: Return On Investment (ROI), Return On Assets (ROA), Return On Equity (ROE) and Profit.</li><li>2- Product/service Performance: market share, sales performance</li><li>3- Shareholder return: economic value added and shareholder return</li></ul>	Organisational performance encompasses Financial performance and: <ul style="list-style-type: none"><li>1- Internal performance outcomes associated with operations</li><li>2- External measure: corporate social responsibility.</li><li>3- Innovation and efficiency measurement</li></ul>

*Source:* Adapted from Cameron and Whetten, 1983; Venkatraman and Ramanujam, 1986.

### **2.11.2 Measurement of Organisational Performance**

Objective measurement of performance includes 3 sets of categories. First is the accounting measurement, which is considered the most reliable tool for measuring organisational performance. Also, the accounting measurement is considered a valid tool and its evidence traced in the accounting and economics returns (Danielson and Press, 2003). Among the accounting measurements are the following: Cash flow, Earnings before interest, market share and Return on Assets (ROA). The second category of the objective measurement includes the financial market measures, which are widely used in the field of strategy, economics and finance. Among these are Stock price, Price-to-earnings ratio and market value. The last one is the mixed accounting and financial market measure, which is an effective measure for balancing the risk within an organisation. Tobin's Q, internal rate of return and discounted cash flow are examples of mixed accounting and financial market measures.

Alternatively, there exists the subjective measure of assessing organisational performance. This consists of 2 main categories; 1) full subjective measure and Quasi-

objective or the replicate measure. The subjective measure of performance allows the researcher to measure firm performance directly using subjective self-reporting. This method includes a set of questions related to the direct evaluation of firm performance. In contrast to the subjective measure, the evaluation of firm performance is based on the opinion of the firm owner when it comes to the objective measure. This approach is considered relevant in assessing and evaluating firm performance (March and Sutton, 1997). The second type of subjective measurement is the Quasi-objective measure, which is simply the use of self-reporting techniques to measure specific objective performance. For example, asking the CEO to estimate the market value or the overall performance of the organisation or the level of sales. The Quasi-objective measure is considered different from secondary data collection from a firm's database (Venkatraman and Ramanujam, 1986).

### **2.11.3 Importance of Performance Measurement**

According to Demirbag et al. (2006), performance measurement is considered an effective management tool for most organisations regardless of their size or the industry they operate in. Performance measurement helps firms to continuously improve, as well as link outcomes to the internal process. In addition, measuring performance enables the company to better utilise its internal resources (Gadenne and Sharma, 2002). Madu et al. (1996) added that evaluating firm performance reflects the firm's competitive growth and competitive advantage. Also, consistent performance measurement will allow the firm to compare its own performance over time and help the manager as well as owner to internally evaluate the firm's internal capability in order to compete with the external market. Finally, measuring performance helps to indicate the firm's competitive position within the industry in which they operate (Snow and Hrebiniak, 1980).

On the other hand, performance evaluation is considered a good indicator of company's strategic performance. In fact, effective measurement of firm performance allows managers to overcome potential financial challenge and possible threats from the outside market. Furthermore, it will facilitate growth and improve the competitive advantage of the firm (March and Sutton, 1997).

Mori (2013) in his study of the effectiveness of strategic planning on the performance of SMEs in developing countries, highlighted the importance of performance measurement of SMEs, as it helps owners and managers to:

- Better understand the antecedent and determinant of effective performance as well as identify areas of operational deficiencies within organisations.
- Performance is crucial for evaluating the practice of strategic planning within SMEs. In addition, it helps organisations to achieve its goals and objectives.

#### **2.11.4 Measuring Performance within SMEs**

According to Venkatraman and Ramanujam (1986), measuring organisational performance involves the use of financial and non-financial indicators. Chakravarthy (1986) argued that if a company could achieve a higher financial performance, this will lead to the satisfaction of more investors. Lumpkin and Dess (1996) suggested the use of multi-dimensional constructs to measure both financial and non-financial performance of organisations. Furthermore, Cho and Pucik (2005) and Venkatraman and Ramanujam (1986) suggested 3 main ways of measuring financial performance; profitability, firm growth rate and the market value of the firm. According to Glick et al. (2005), profitability refers to the ability of the firm to generate a return based on its past performance. Firm growth reflects the ability of the firm to increase its size regardless of the changes in its profitability. If the size of the firm is bigger, it will enable the application of economies of scale and thus generate more cash. The last one is

market value, which reflects the external assessment and expectation of the performance of the firm in the future (Whetten, 1987).

In reviewing existing literature in relation to small and medium enterprises, it has been argued that measuring organisational growth or market share is considered an essential element to achieving sustainable development and helping the firm achieve market competitive advantage (Wiklund, 1999). Furthermore, measuring the profitability of a small firm helps to improve the growth and development of the firm. Therefore, measuring both the firm's growth and profitability is important in evaluating the firm's position and the factor that drives competitive advantage.

On the other hand, non-financial measurement or company strategic performance is essential for many firms. Non-financial measurement includes direct stakeholders and indirect stakeholders such as customer satisfaction and employee satisfaction. In fact, Fornell et al. (1996) highlighted the importance of both aspects in achieving higher performance in the short term and long term, as well as improving the practice of strategic planning. Customers are always seeking for products and services that meet their expectation. In addition, customers want continuous improvement in the delivery of products and services, which helps the firm to have a better understating of the customers' needs and wants, as well as improve the quality of the products and services. Barry and Clark (2007) stated that customers decide what to buy and pay for and, thus, satisfying customers' needs and wants will directly affect the measurement of the firm's financial performance. Moreover, employees' satisfaction is related to investment in human resources and the use of key employees in the strategic planning of organisations. Harter et al. (2002) refer to the antecedent of creating employee's satisfaction, which is related to boosting the career plan of employees in addition to a proper definition of the job description. The last category of the non-financial indicators

is the indirect stakeholder who is indirectly linked to the internal environment and interaction with the external environment such as social communities. Indirect stakeholders are directly affected by the actions of the company. The firm's strategy will have an impact on the social environment. According to Chakravarthy (1986), the practices of a firm affects the relationship with its external environment such as environmental protection practices, ethical use of advertising and social projects (Waddock and Graves, 1997).

To sum up, seven factors that affect the measurement of firm performance have been identified. This are divided between, Financial and Non- Financial performance indicators: 1) Growth, 2) profitability, 3) market value and Non-financial indicators such as 1) Customer satisfaction, 2) employee satisfaction, 3) social performance and 4) environmental performance. The table below summarises the financial and non-financial indicators used to measure performance.

The Following table 2.18 summarises the financial and non-financial indicators to measure performance.

**Table 2.18 Financial and Non-Financial Performance Measurement**

Dimensions	Indicators
<b>Financial indicators</b>	
Profitability	Return on Assets, EBTIDA margin, return on investment, Net income/Revenues, return on equity, Economic value added.
Market Value	Earnings per share, Stock price improvement, Dividend yield, Stock price volatility, Market value added (market value/equity), Tobin's q (market value/replacement value of assets).
Growth	Market share growth, Asset growth, Net revenue growth, Net income growth, Number of employees' growth
<b>Non-financial indicators</b>	
Employee Satisfaction	Turnover, Investments in employees' development and training, Wages and rewards policies, Career plans, Organisational climate, General employees' satisfaction
Customer Satisfaction	Mix of products and services, Number of complaints, repurchase rate, New customer retention, General customers' satisfaction, Number of new products/services launched
Environmental Performance	Number of projects to improve/recover the environment, Level of pollutants emission, Use of recyclable materials, Recycling level and reuse of residuals, Number of environmental lawsuits
Social Performance	Employment of minorities, Number of social and cultural projects, Number of lawsuits filed by employees, customers and regulatory agencies

*Source:* Adapted from Barry and Clark, 2007.

## 2.12 Gaps in the Existing Literature

An extensive Literature review was conducted in relation to the constructs under investigation namely: leadership styles, strategic planning, organisational culture dimensions and organisational performance in order to identify and highlight gaps existing in the current literature in respect of the Egyptian context. In the conceptual framework chapter that follows, the researcher will develop a conceptual framework and generate research hypotheses in order to test empirical models. In addition, the identification of research gaps will also be helpful in highlighting the contributions that the current research makes to the field. In Table 2.19, the researcher highlights the perceived gaps in the extant literature in relation to the Egyptian context and the research questions that arise in relation to these gaps.

**Table 2.19 Summary of exiting gap within Egyptian literature and proposed research questions.**

No	Summary of Research Gap in the Egyptian context	Research Question (s)
1	Few studies have been conducted to measure the effect of leadership styles namely: transformational, Transactional and passive avoidant on the performance of small and medium enterprises after the 2 <sup>nd</sup> revolution in 2011 (Rigas and Nawar, 2016; Metwally et al., 2014).	Do leadership styles affect SMEs' overall performance in Egypt?
2	There is need for empirical studies by researcher in management studies to answer the question of how leaders could facilitate the implementation and formulation of strategic planning in different organisational sizes in Egypt (Elbanna, 2008; 2009; 2010).	Do leadership styles affect the strategic planning practice in Egyptian's SMEs?
3	Most of the research has been conducted on large organisations in relation to the effectiveness of strategic planning practices. However, few studies	Do strategic planning activities have significant impact on SMEs financial



No	Summary of Research Gap in the Egyptian context	Research Question (s)
	have been conducted to address the practice of strategic planning on organisational studies (Elbanna, 2008). Where, all studies focused on large organisations with no attention given to SMEs sector (Ghoneim and El Baradei ,2013).	performance in Egypt?
4	There is lack of a comprehensive model to explore the mediation role of strategic planning on leadership-performance relationship within SMEs operating in Egypt (Khamis,2017, Elbanna, 2010).	Does strategic planning mediate the relationship between leadership styles and SMEs' performance within the Egyptian context?
5	There is lack of a comprehensive model to explore the moderation effect of organisational culture dimensions on the leadership- SMEs financial performance in the Egyptian context. (El Leithy ,2017; Mohamed; 2013; Abd-El-Salam et al. 2013).	Does organisational culture moderate the relationship between leadership styles and SMEs' performance in Egypt?
6	The study contributes to the body of knowledge in relation to strategic management and organisational behaviour theories by developing the first empirical model to test the mediation and moderation effect of strategic planning and organisational culture on leadership -SME performance. The first empirical study to provide a comprehensive model to assess the factors affecting the impact leadership styles may have on performance in developing countries, the Middle Eastern and North African countries in general and specifically in Egypt.	How do different leadership styles affect SMEs' performance through the moderating effect of organisational culture and the mediating influence of strategic planning?

Table 2.19 summarised the existing gap in the current literature within the Egyptian context, specifically in SMEs operating in Egypt. First, as it was mentioned before generally there is a lack of comprehensive model to assess direct and indirect relationship among leadership style, strategic planning, organisational culture and organisational performance particularly in SMEs operating in Egypt. The Literature

suggests that leaders are responsible for creating a workplace culture which could result in sustaining and improving organisational performance (Schein, 2010). Furthermore, that Leaders are required to consider important factors including employees' situation, beliefs, values and assumptions, which are influenced by organisational culture, before selecting any particular style of leadership (Alvesson, 2010, 2012). Also, leaders have to motivate employees towards effective strategic planning practices and implementation within organisations. Therefore, there is a need for a study that explores which leadership style works best in different organisational cultures (Alvesson, 2010, 2012) and furthermore addresses how leadership style will affect strategic planning practices and organisational performance. Additionally, there is a pressing need to address how strategic planning could mediate the impact of leadership styles on performance. (Block, 2003; Schimmoeller, 2010; Tojari, et al., 2011). Although, there are some significant studies on the subject of leadership style, organisational performance and strategic planning ( see Ogbonna and Harris, 2000; Lok and Crawford, 2004; Schimmoeller, 2010; Tojari, *et al.*, 2011), there remains an absence of a comprehensive conceptual model that clearly shows the relationship between these concepts as well as taking into consideration the moderating effect of organisational culture dimensions (Gray, et al., 2003; Baruch and Ramalho, 2006; Papadimitriou, 2007; Alvesson, 2010). These are the elements it is the intention of this thesis to address.

## **2.13 Conclusion**

In the literature chapter, the researcher presented an overview of relevant literature related to constructs under investigation: leadership styles, organisational culture, strategic planning, and organisational performance. According to the current literature review, we conclude that:

- 1- Several studies attempted to investigate the relationships between leadership, organisational culture types, strategic planning formulation and implementation, and organisational performance in both developed and developing countries at different situations from different perspectives in the 20<sup>th</sup> century in the field of organisational studies and social science.
- 2- Researchers, as well as professionals, considered those concepts together as the key success factor for many organisations in both developed and developing countries.
- 3- Leadership, Organisational Culture and Strategic Planning processes have been seen as the prime vehicle for ensuring and improving the performance of SMEs.
- 4- Little empirical work is done on the relationship between all of these factors together in one fully-integrated model
- 5- There exists a lack of empirical studies in the existing literature on the indirect relationship existing between the variables under investigation.
- 6- There are a few studies on the mediating or moderating impact of different factors on the leadership-performance relationship within the context of SMEs.
- 7- There are a very few studies that investigated the potential mediators/moderators that have an impact on leadership-performance in developing countries and especially in the Middle East and North Africa (MENA) region.

To sum up the above-mentioned, there are different elements that have an influence on the performance of SMEs in developed and developing countries. Therefore, it is important to conduct this study to investigate the effect of leadership styles on the performance of SMEs. And to address the question of whether strategic planning and organisational culture could mediate and moderate Leadership- SMEs financial performance relationship within the Egyptian context?

## **Chapter 3 : Conceptual Framework and Hypothesis Development**

### **3.1 Introduction**

Chapter 3 will present the conceptual framework of the thesis. The main aim of this chapter is to fill the gaps previously addressed and reported in the literature review. This chapter starts with the development of the theoretical framework of the current research based on previous literature that explains the relationships between the constructs under investigation: Leadership Styles and SME financial performance through the mediating influence of Strategic Planning and the moderating impact of Organisational Culture within the context of SMEs in one integrated model. Afterwards, a critical discussion of the theoretical linkage between constructs will be presented, followed by the proposal of the research hypotheses related to the suggested conceptual model.

This chapter aims to develop a conceptual framework to empirically investigate how leadership behaviour impacts the performance of SMEs in the Egyptian context, and to determine whether Organisational culture could moderate this relationship. In addition, it aims to determine how strategic planning could mediate this relationship between leadership and performance.

In fact, a critical evaluation of empirical research in the field of leadership, strategic planning, and Organisational performance indicates that while there is evidence to support the links between each pair of constructs, the consolidation of all constructs in one fully integrated model has been, hitherto, lacking in the context of SMEs, especially in an emerging market and Middle East and North African (MENA) context.

The main issues the researcher addresses in the current study are:

- 1- The lack of a conceptual model to explore and explain the relationship between leadership styles, organisational culture, strategic planning and performance within the SMEs context.
- 2- How strategic planning could connect the relationship between leadership styles and organisational performance within the SMEs context.
- 3- Lack of empirical evidence on the moderator effect of organisational culture in the relationship between leadership and the performance of SMEs.
- 4- Lack of comparative study between developed and developing countries in the context of SMEs.
- 5- Lack of empirical study on the impact of strategic planning on the performance of SMEs in the emerging market.

Therefore, the study aims to develop a general and conceptual model to explain the direct and indirect relationship between the constructs under investigation by comparing the relationship within SMEs operating in the Egyptian context.

### **3.2 Conceptual Framework**

According to Creswell (2014) and Sekaran and Boogie (2013), a conceptual framework is considered a crucial element or technique for any research in social science for many reasons:

- 1- It provides researchers with the complete picture as well as the meaningfulness of conducting research.
- 2- A conceptual framework helps in providing the basic guideline and instructions for any research.
- 3- Enables the researcher to get a meaningful sense of describing, as well as presenting, different relationships between the different constructs under investigation.
- 4- The conceptual framework plays a significant role in formulating a relevant hypothesis for any research.

In fact, the proposed conceptual framework of this thesis consists of 4 major constructs:

- 1-Leadership styles (Independent variable).
- 2- Organisational performance (Dependent variable).
- 3- Organisational culture (Moderator variable).
- 4- Strategic planning (Mediator variable).

### **3.3 Relationship between Research Variables**

This section is devoted for research hypotheses development. The relationships between leadership style, strategic planning, organisational culture dimensions and organisational performance have their origins in the literature of organisational studies, human resources management, organisation behaviour and organisational change earlier in the 20<sup>th</sup> century (Arsawan et al., 2017; Dubihlela and Sandada, 2017; Nawar,2015). Despite the growing number of studies in the field of leadership styles, strategic planning and organisational performance there has been very little empirical work done on the relationship between all of these factors in general and within the Egyptian context specifically. A research gap has already been identified in the previous chapter (Chapter 2). To confirm these relationships, a literature search was conducted (Chapter 3) to find theoretical evidence upon which the hypothetical relationships linking the model constructs are built. The following section will summarise the relationship between the variables under investigation and the proposed research hypotheses. The nature of the relationships between the research variables will be considered as the basis of the empirical models used to test the research hypotheses.

#### **3.3.1 Leadership Style and Organisational Performance**

Leaders are considered the major catalyst for the success and improvement of many organisations (Schein, 2010). In addition, they are seen as the prime vehicle to ensure and sustain firm performance and growth in both developed and developing countries (Metwally et al. 2014; Laukkanen et al., 2013). The significant impact of leadership styles on organisation performance is well documented in the literature. Indeed, the relationship between leadership and Organisational performance has become a subject of growing interest for both academics and professionals in the field of Management



and Organisational studies (Zaridis and Mousiolis, 2014; Aziz and Abdullah, 2013; Muogbo, 2013). Accordingly, many academics as well as professionals have explored the relationship between leadership style and Organisational performance and argued that there is a strong association between the two concepts (Saravo et al., 2017; Rigas and Nawar, 2016; Iscan et al., 2014; Abd-El-Salam et al. 2013).

On the other hand, several reasons prove and demonstrate the existence of strong associations between different leadership styles and Organisational performance in large, small and medium enterprises. According to Pisano and Shuen (1997), effective leadership is considered a facilitator that improves performance within the organisation, especially when they face a challenge. In the same fashion, Lee and Chuang (2009) argued that leaders inside organisations do not only inspire subordinates to improve efficiency but also meet their requirements in the process of achieving Organisational goals. Consequently, previous studies suggested that firm performance is highly dependent on the behaviour of the leader and the way they manage the organisation (Muterera, 2012). The main findings of most research indicate that leadership style has a significant impact on the performance output of many organisations. Leaders are seen as the main source of increasing the motivation of employees, helping to achieve desirable and required objectives, as well as boosting and sustaining firm performance (Bass, 1990; Riad et al., 2016).

Pradeep and Prabhu (2011), in their study of the impact of leadership on firm performance within the Indian context, suggested that leadership has a significant impact on employee motivation, which, in turn, increases their performance and the overall performance of the organisation. In a similar fashion, a study carried out within the Pakistani context concluded that both transformational and transactional leadership

styles have a positive impact on Organisational performance (Paracha et al., 2012). According to Muterera's recent study (2012) in the United States of America, both transactional and transformational leadership have a significant positive association with firm performance. On the other hand, a recent study by Ejere and Abasilim (2014) in Africa investigated the impact of transactional and transformational leadership styles on organisational performance in the Nigerian work context. They concluded that both transactional and transformational leadership styles have a significant and positive relationship with organisational performance. In addition, they suggest that transformational leadership style has a stronger positive impact on organisational performance than transactional leadership style. They argue that transactional leadership style has a significant positive impact on organisational performance.

On the other hand, the impact of leadership on the performance of SMEs is well documented in the literature review. Aziz and Abdullah (2013) studied the Effect of Leadership Styles on the Business Performance of SMEs within the Malaysian context. They concluded that there is a significant positive association between both transactional-transformational leadership style and business performance within small and medium enterprise SMEs. Furthermore, they suggest that there is a negative association between passive-avoidant leadership style and firm performance.

The following table (3.1) provides summary of previous studies on the impact of leadership styles (Transformational, Transactional and Passive-Avoidant) on SMEs' Performance.

**Table 3.1 Summary of Previous studies on the Impact of leadership styles on Organisational performance within SMEs context.**

No.	Title	Year	Researcher	Summary of Research Findings
1	Impact of Transformational and transactional leadership styles on organisational commitment and SMEs business performance: A comparative analysis	2017	Arsawan et al.	The study measured the impact of leadership styles on SMEs on Business performance in Indonesia. Where data was collected from SMEs managers and assistants of 59 SMEs. Findings revealed that both transformational and transactional have positive significant impact on business performance. The authors concluded that transactional leadership style is more appropriate leadership styles for enhancing strategies and performance for SMEs operating in Indonesia.
2	Leadership and Performance: The Case OF Malaysian SMEs in the Service Sector.	2014	Arham	The study investigated the impact of leadership behaviours on SMEs financial performance Malaysian's service sector. In fact, 193 SMEs owners and top managers participated in the study. Results show that there are significant relationships between different leadership behaviours and SMEs financial performance. Findings revealed that transformational leadership has the most significant impact on performance of SMEs than transactional leadership. The author concluded that leadership style of SMEs owners is one of the essential factors that influences SMEs financial performance in the services sector.

No.	Title	Year	Researcher	Summary of Research Findings
3	Effect of Leadership Style on Perceived Organisational Performance and Innovation: The Role of Transformational Leadership beyond the Impact of Transactional Leadership -An Application among Turkish SMEs	2014	Iskan et al.	The study examined the impact of transformational and transactional leadership styles on SMEs' innovation and performance in turkey. 118 SMEs participated in the study. Findings show that both transformational and transactional leadership have positive significant impact on organisational performance. The dominant leadership style in turkey is transformational within SMEs.
4	Leadership and organisational performance in the Nigeria small and medium enterprises (SMEs)	2014	Lawal et al.	The researchers empirically examined the impact leadership style and organisational organisations performance of Nigerian's SMEs. Data was gathered from 268 SMEs managers. Findings revealed that different leadership styles have insignificant impact on between organisational effectiveness. The authors concluded that leadership style is not a major factor in determining Organisational performance within among Nigerian SMEs.
5	Effects of leadership styles on organisational performance: A survey selected based on small-scale enterprises in IKOSI-KETU council of Lagos state, Nigeria.	2011	Obiwuru et al.	This study has investigated the effects of leadership style on Organisational performance in small scale enterprises operating in Nigeria. The result showed that while transactional leadership style had significant positive effect on performance, transformational leadership style had positive but insignificant effect on performance. The study concluded that transactional leadership style was more appropriate in inducing performance in small scale enterprises than transformational leadership style in small scale enterprise operating within Nigerian economy.

To sum up in table 3.1, it has been shown that there is an extensive literature on the impact of leadership styles on the organisational performance in general and SMEs in particular. However, there is a lack of empirical research on the direct impact of different leadership styles on SME performance within the Egyptian context especially after the 2<sup>nd</sup> revolution in 2011 (Rigas and Nawar ,2016). Therefore, the research aims to address the following question:

RQ1: Do Leadership styles affect SMEs' overall performance in Egypt?

In order to answer above-mentioned research question, the proposed research hypotheses are presented below:

**H1: Leadership styles have significant impact on organisational performance.**

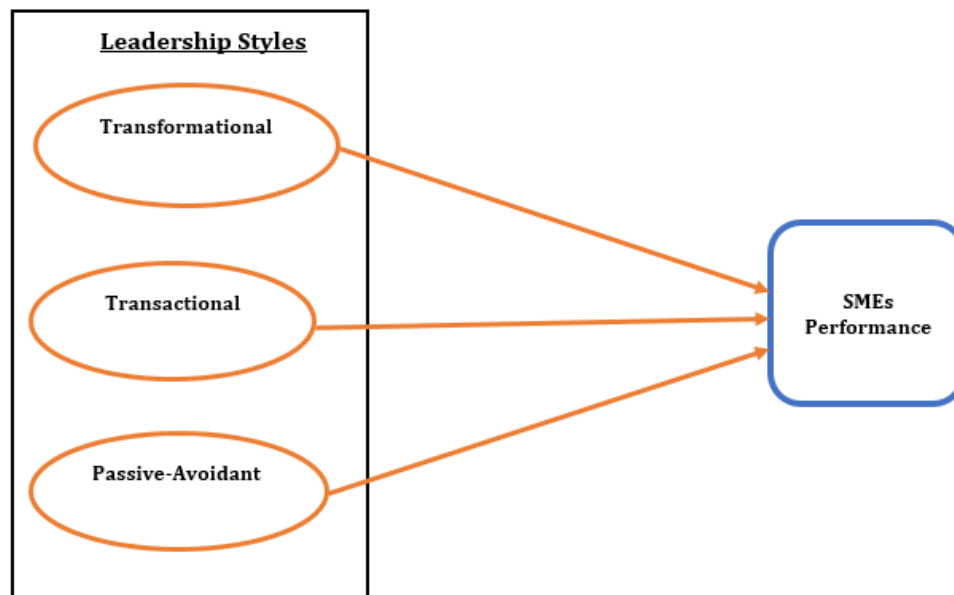
**H1a:** Transformational leadership has significant impact on organisational performance beyond the effects of transactional and passive-avoidant leadership.

**H1b:** Transactional leadership has significant impact on organisational performance beyond the effects of transformational and passive-avoidant leadership.

**H1c:** Passive avoidant leadership has significant impact on organisational performance beyond the effects of transactional and transformational leadership.

Figure 3.1 illustrates the impact of leadership styles (Transformational, Transactional and Passive-Avoidant) on organisational performance as per research hypothesis and research question.

**Figure 3.1 Impact of Leadership styles on Organisational Performance.**



*Source:* Researcher

### **3.3.2 Leadership style, Strategic Planning and Organisational Performance**

Leadership and strategic planning together are considered the key success factors for achieving a higher level of organisation performance (Stanislavov and Ivanov, 2014; Lisak and Erez, 2015). Empirical studies have demonstrated that strategic planning has a significant impact on the performance of small and medium scale enterprises (Dubihlela and Sandada, 2017; Aldehayyat and Twaissi, 2011). A number of empirical studies have concluded that small firms that employed a strategic planning approach performed better than those that did not (Laukkanen et al., 2013; Bracker et al., 1988).

Furthermore, Roper (1997) reached a similar conclusion in a study of strategic planning in 703 small firms. In the same fashion, Berman et al. (1997, p. 4) found that “firms that plan produce better financial results than firms that do not plan”. Furthermore, Ghobadian and O'Regan (2000) carried out a comprehensive review of previous empirical research, examining the link between strategy and performance; they found that Organisational performance is highly associated with strategy applied by the business owners or board of directors.

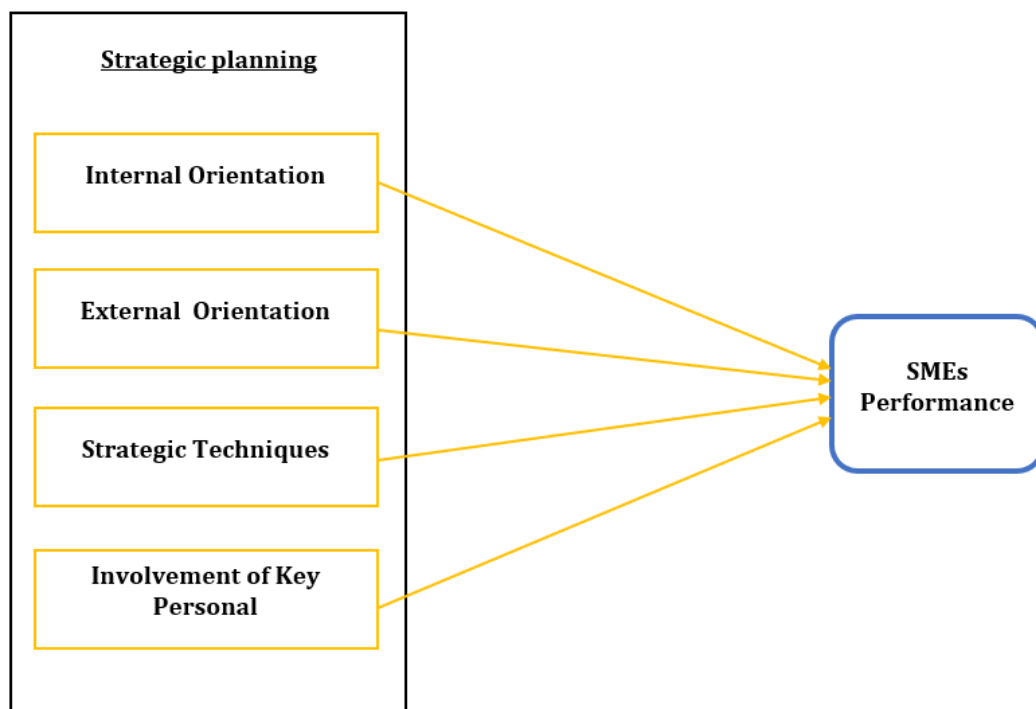
Additionally, the impact of leadership styles on the success of organisations is well documented in the current literature (Motowidlo, 1992; Jabbar and Hussein, 2017). In the same manner, Miller and Shamsie (2001) stated that “a growing body of literature has identified the significant impact a leader’s characteristics can have on both strategic direction and overall organisational performance”. Moreover, the importance of leadership styles could be traced to the process of strategic planning formulation and implementation within different sizes of organisations (Nijkamp, 2016). More specifically, Bennis et al., (2008) argued that from the practical viewpoint, the primary task of leadership is to ensure the effective deployment of the strategic planning within different Organisational layers. In addition, strategic planning formulation and implementation are highly dependent on leadership effectiveness and efficiency in achieving organisational goals and objectives (Sarason and Tegarden ,2003). According to the study by Feigenbaum et al. (1996), it is argued that effective leadership depends highly on the creation of a widely shared mission aimed at the achievement of the firms’ vision and long-term strategy.

Finally, Yanney (2014) stated that today’s business environment is highly characterized by the existence of global competition, dramatic change in customer needs and wants,

as well as greater utilization of human resources. In fact, those kinds of changes have raised concern about the appearance of ‘new kinds of management abilities’ (Arvonen and Pettersson, 2002; Ersoy,2013). Finally, O’Regan et al. (2007) asserted that leadership styles and strategic planning are both considered a critical element for handling, as well as managing, these diverse factors. Furthermore, Nijkamp (2016) and Dibrell et al. (2014), argued that emphasis on leadership styles and strategic planning process can lead to effective performance in terms of internal or external outcomes.

Figure 3.2 illustrates the impact of strategic planning components (Internal Orientation, External orientation, Strategic planning techniques and Involvement of Key Personal) on SMEs financial performance.

**Figure 3.2 Impact of strategic planning practices on Organisational Performance**



*Source: Researcher*



In the following table (3.2) the researcher provides summary of previous empirical studies who have discussed the importance and influence of strategic planning practices on SME performance.

**Table 3.2 Summary of previous studies on the Relationship between Strategic planning and Organisational Performance within SMEs**

No.	Title	Year	Researcher	Summary of Research findings
1	Impact of strategic planning on Small and medium-Sized Enterprises' (SMES) performance: the role of employee participation, Implementation Incentives and Evaluation and Control	2017	Dubihlela & Sandada	The study examined the impact of strategic planning practices on SMEs financial performance in South Africa. Where, data was collected from 200 SMEs. Findings show that strategic planning dimensions namely: employee participation, implementation incentivise, and strategic controls have positives significant impact on business performance.
2	Strategic Planning and Corporate Performance Relationship in Small Business Firms: Evidence from a Middle-East Country Context	2011	Aldehayyat & Twaissi	This study aimed to identify strategic planning system characteristics in Jordanian small industrial firms. Also, the study examined the impact of strategic planning on small firm performance. 60 valid questionnaire out of 115 were distributed for data collection. Results showed the significant impact of involvement of top and line management, internal orientation and the use of strategy techniques in the strategic planning practices within small firms. The author concluded that strategic planning has strong positive impact on small firm's corporate performance.
3	Strategic Research and Performance of SMEs'	2001	Postma &Zwart	The study aimed to provide conceptual framework on the importance of firm strategy and performance within SEMs. Where, findings revealed that strategic planning formulation and implementation is directly impacted firm performance of SMEs.

No.	Title	Year	Researcher	Summary of Research findings
4	The effect of strategic orientations on business performance in SMEs: A multi-group analysis comparing Hungary and Finland	2013	Laukkanen et al.	The study investigated the impact of strategic orientation: learning orientation, entrepreneurial orientation, market orientation and brand orientation SMEs business performance across different countries. 1120 questionnaire were collected from Hungary and Finland. Where findings revealed that strategic planning orientation has significant positive effect on SMEs financial performance in Hungary and Finland.
5	Strategic flexibility and SME performance in an emerging economy: A contingency perspective	2013	Guo & Cao	The study addressed the question of whether strategic planning flexibility is beneficial for SMEs in emerging economies. Where data was collected from 166 SMEs operating within Chinese industry. Findings revealed that strategic planning flexibility has positive impact on SMEs financial performance.
6	Effective Strategic planning in Small and Medium-sized firms	2002	O'Regan & Ghobadian	The study addressed the importance of formal strategic planning practice within SMEs. Findings revealed that strategic planning practices failure within SMEs is due to implementation issues. In addition, major problem facing the practice of strategic planning is the implantation written plans and less involvement of employees in the planning formulation.
7	The Impact of Strategic Planning Activities on Transylvanian SMEs - An Empirical Research	2011	Gica & Negrusa	The study aimed to report the practice of strategic planning practice within SMEs operating in Romania. In addition, the study tested the impact of strategic planning on overall performance of SMEs. Where, data was collected from 200 SMEs operating in Romania.  Findings revealed that overall strategic planning practices have negative impact on

No.	Title	Year	Researcher	Summary of Research findings
				overall performance. Also, results show that only two dimensions of strategic planning namely; internal orientation and strategic techniques have significant positive impact on performance. While external orientation and involvement of key personal have negative impact on SMEs financial performance.

*Source:* Researcher

Table 3.2 provides a summary of previous empirical research conducted on the impact of strategic planning practices on organisational performance. Elbanna (2010) addressed the importance of strategic planning practice for different organisational sizes and its impact on performance. therefore, the research aims to fill the existing gap in the literature in relation the impact of strategic planning practice on Egyptian SMEs financial performance by proposing the following research question:

RQ2: Do strategic planning activities have significant impact on SMEs financial performance in Egypt?

To answer the above-mentioned research question, the proposed research hypotheses are presented below:

**H2: Strategic planning practice has significant impact organisational performance**

**H2a:** Internal orientation has a significant impact on organisational performance.

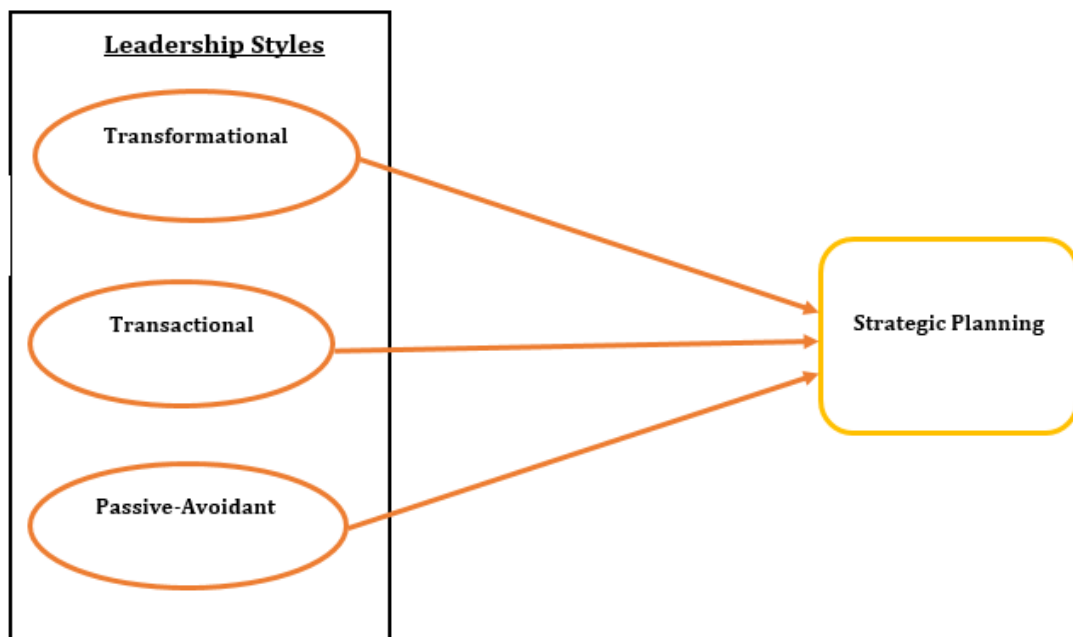
**H2b:** External orientation has a significant impact on organisational performance.

**H2c:** Strategic planning technique has a significant impact on organisational performance.

**H2d:** Involvement of key Personnel has a significant impact on organisational performance.

The following figure 3.3, illustrates the impact of leadership styles (Transformational, Transactional and Passive Avoidant) on strategic planning practices.

**Figure 3.3 Relationship between leadership styles and Strategic Planning.**



*Source:* Researcher

The following table 3.3, sheds light on previous empirical studies who have discussed the impact of leadership styles (Transformational, Transactional and Passive-Avoidant) on the practice of strategic planning within SMEs context.

**Table 3.3 Summary of previous studies on the Relationship between leadership styles and Strategic planning within SMEs context.**

No.	Title	Year	Researcher	Summary of Research Findings
1	Leadership styles and strategy process research. A study of Dutch Small and medium-sized enterprises	2016	Nijkamp	The study examined the role of leadership in affecting strategy generation and practices in Dutch SMEs. Sample size was drawn from 166 Dutch SMEs leaders. Findings revealed that Dutch SMEs leaders have not significant influence on strategic planning execution. Also, results show that passive avoidant have negative impact on strategy, while transformational and transactional have positive impact on strategic planning within SMEs.
2	Relationship between Leadership Styles in Strategy Implementation and Performance of Small and Medium Manufacturing Firms in Thika Sub-County, Kenya	2016	Kihara et al.	The study investigated the impact of leadership styles on strategic planning implementation within SMEs operating in Kenya. Data was collected from 115 industrial SMEs managers. Where findings show that positive relationship between leadership styles and strategic planning implementation. Also, results show that transformational leadership styles has the most significant impact on strategic planning followed by transactional and passive avoidant.
3	Effects of Leadership Styles on the Implementation of Organisation's Strategic Plans in Small and Medium Enterprises in Nairobi	2015	Chege et al.	The study measured the impact of leadership styles on strategic planning practice within SSMEs in Nairobi. Data was gathered from 354 SMEs managers. Findings revealed that autocratic leadership has the most significant influence on Strategic planning practice, followed by democratic and laissez-faire leadership style. The authors recommended the use of all leadership styles to enhance strategic planning implementation within SMEs.

No.	Title	Year	Researcher	Summary of Research Findings
4	Business Strategy and Leadership Style: Impact on Organisational Performance in the Manufacturing Sector of Ghana	2014	Yanney	This study investigated the impact of leadership styles and business strategy on the Organisational performance of small medium scale enterprises (SMEs) in the manufacturing sector of Ghana. Data gathered from 60 CEOs and senior managers of SMEs operating in Ghana. Results showed that leadership styles have significant influence on and business strategy .the author concluded that SMEs should take advantage of transformational leadership style in enhancing strategic planning practices.
5	Leaders, loungers, laggards the strategic planning environment performance relationship re-visited in manufacturing SMEs	2007	O'Regan et al.	The study investigated the impact of strategic planning on SMEs financial performance within manufacturing sector in UK. Sample size was drawn of 1000 SMES. Findings revealed that strategic planning dimensions are positively impacted SMEs financial performance within manufacturing sector.

Source: Researcher

Table 3.3 provided a summary of previous research on the impact of leadership styles on strategic planning practices. Where, most of the studies have highlighted the impact of leaders on the practice of strategic planning within western economies with little attention on the significant role played by leaders in the formulation and implementation of strategic planning within eastern economies and Egyptian context. Therefore, the research aims to investigate the impact of leadership styles on strategic planning practices within SMEs operating within Egyptian context. The proposed research question is presented below:

RQ3: Do Leadership styles affect the strategic planning practice in Egyptian's SMEs?

In order to answer above-mentioned question, the proposed research hypotheses are presented below:

**H3: Leadership styles have significant impact on strategic planning practice.**

**H3a:** Transformational leadership has significant impact on strategic planning beyond the effects of transactional and passive-avoidant leadership.

**H3b:** Transactional leadership has significant impact on strategic planning beyond the effects of transformational and passive-avoidant leadership.

**H3c:** Passive avoidant leadership has significant impact on strategic planning beyond the effects of transactional and transformational leadership.

### **3.3.3 Strategic Planning as a Mediator in the Relationship between Leadership and Performance**

Several studies have addressed the relationship between the Leadership Styles and strategic planning, the impact of Leadership Styles on Organisational Performance, and the influence of Strategic Planning on the firm's performance. However, most of those studies are limited to assessing the associations between those variables in large enterprises. In addition, those studies were focused on investigating the direct relationship between Leadership Styles, Strategic Planning on SMEs financial performance, considering each concept separately (Arham, 2014; Jarzabkowski and Balgun, 2009). In addition, these studies were carried out in the developed Western context. Little research has focused on investigating the relationship between Leadership Styles and Strategic Planning in relation to the performance of SMEs within a developing country. Likewise, researchers, as well as academics, pay little attention to the indirect relationship between Leadership Styles and strategic planning on the

performance of SMEs. However, there remains some gap in the existing literature focusing on the indirect relationship between leadership style, strategic planning and Organisational performance. In other words, there exists a gap in the existing literature on whether organisational culture mediates the relationship between leadership styles and Organisational effectiveness.

Table 3.4 summarises conducted research on the relationship between leadership styles, strategic planning practices and SME performance in the light of existing literature.

**Table 3.4 Summary of previous studies on the Relationship between leadership styles, Strategic planning and SMEs financial performance**

No.	Title	Year	Researcher	Summary of Research findings
1	Relationship between Leadership Styles in Strategy Implementation and Performance of Small and Medium Manufacturing Firms in Thika Sub-County, Kenya	2016	Kihara et al.	The study investigated the impact of leadership styles on strategic planning implementation within SMEs operating in Kenya. Data was collected from 115 industrial SMEs managers. Where findings show that positive relationship between leadership styles and strategic planning implementation. In addition, study shows that strategic planning has significant impact on SMEs financial performance. The authors concluded that strategic planning is recommended to enhance the impact of strategic planning on performance.
2	Business Strategy and Leadership Style: Impact on Organisational Performance in the Manufacturing Sector of Ghana	2014	Yanney	This study investigated the impact of leadership styles and business strategy on the Organisational performance of small medium scale enterprises (SMEs) in the manufacturing sector of Ghana. Data gathered from 60 CEOs and senior managers of SMEs operating in Ghana. Where findings revealed that both leadership styles and business strategy have significant impact on SMEs financial performance. The study concluded that



No.	Title	Year	Researcher	Summary of Research findings
				strategic planning has greater influence on performance than leadership styles
3	Effect of strategic leadership styles on Firm performance: A study in Turkish SME	2104	Ozer and Tinaztepe	The study highlighted the importance of strategic leadership on SMEs financial performance. Where the study investigated the role of leaders in formulation of strategy and its impact on firm performance. Data was collected from 215 SMEs managers in Turkish industry. Findings revealed the positive significant impact of strategic leadership on SMEs financial performance.
4	The link between leadership, strategy and performance in manufacturing SMEs	2005	O'Regan et al.	The study empirically examined the relationship among leadership styles, strategic planning and firm performance. Where, data was collected from 194 SMEs operating in UK. Findings revealed that importance of leadership participation in strategic planning practice. The authors concluded that both strategic planning and leadership styles help competitive performance of SMEs.

Source: Researcher

Table 3.4 provides a summary of previous studies on the relationship between leadership styles, strategic planning and organisational performance. According to Khamis (2017) there is lack of comprehensive model to investigate the mediation role of strategic planning practice on leadership- performance relationship within the Egyptian context. Therefore, this research aims to explore the mediation impact of strategic planning practice on leadership-performance with Egyptian SMEs.

The proposed research question is presented below:

RQ4: Does strategic planning mediate the relationship between leadership styles and SMEs' performance within the Egyptian context?

In order to answer above-mentioned question, the proposed research hypotheses are presented below:

**H4: Strategic planning will mediate the effect of leadership styles on organisational performance**

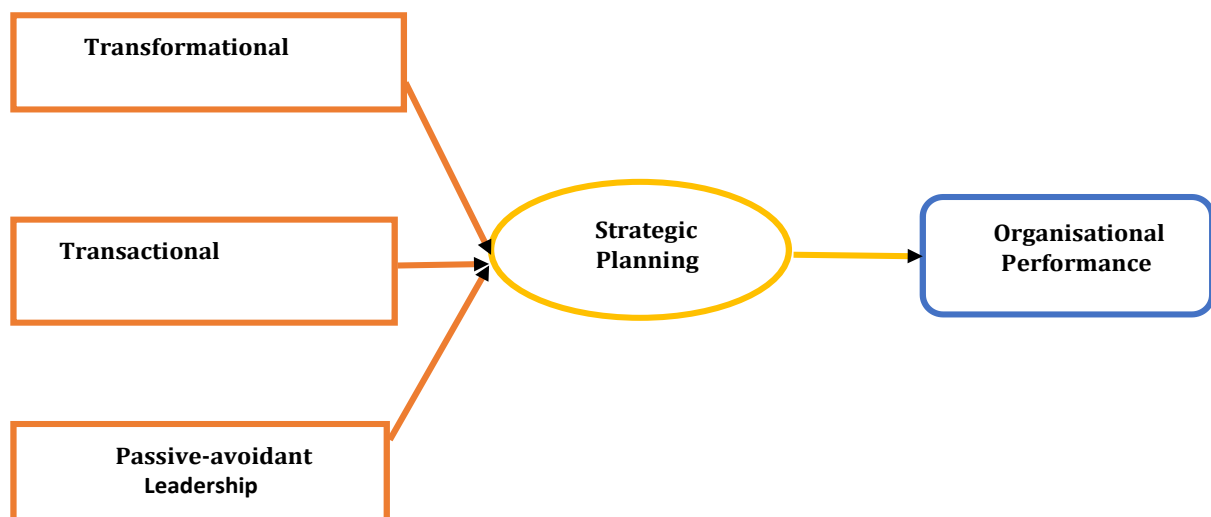
**H4a:** Strategic planning will mediate the effect of transactional leadership styles on organisational performance.

**H4b:** Strategic planning will mediate the effect of transformational leadership styles on organisational performance.

**H4c:** Strategic planning will mediate the effect of passive-avoidant leadership styles on organisational performance.

Figure 3.4, shows the mediation effect of strategic planning practice on the direct impact of leadership styles (Transformational, Transactional and Passive-Avoidant) on organisational performance.

**Figure 3.4 Strategic planning as a mediator on the relationship between LS and OP**



*Source:* Researcher

### **3.3.4 Leadership Style, Organisational Culture and Organisational Performance**

Many researchers have explored the relationship between different leadership styles and Organisational culture, leadership performance and Organisational culture and Organisational performance. The literature revealed that there is a strong connection between each pair of constructs. According to Schein (2010), leaders are considered the main factor affecting culture inside organisations as well as overall performance inside organisations. Similarly, many researchers studied the effects and practices of leadership on different Organisational culture types. According to Schein (2010), leadership and culture both have great influence on the overall performance, where leaders are considered the prime factor for creating a culture inside organisations. In turn, culture has a significant impact on leadership. Moreover, both leadership and culture are considered important key success factors in the performance of many modern organisations. Finally, researchers and academics have investigated as well as explored the relationship between leadership style and organisational culture by conducting different empirical studies in many countries all over the world. In fact, scholars argued that there exists a relationship between different styles of leadership and organisational culture types within different organisational contexts (Acar, 2012; Abd-El-Salam et al., 2013; Stanislavov and Ivanov, 2014; Delmar and Shane, 2003).

On the other hand, Palmer et al., (2001) declared that leaders shape the type of culture in organisations, or at the very least the emotional climate of those organisations. Block (2003), in a survey of a privately-owned sales and service organisation in North America, found that employees' perceptions of organisational culture were positively associated with the leadership of their immediate supervisors. He favours the view that

Organisational culture and leadership have an empirical link to each other and each plays a part in determining the effectiveness of an organisation.

On the other hand, Pennington et al. (2003) found that different leadership practices resulted in different cultures. Similarly, Li (2004) studied the relationship between transactional and transformational leadership styles and job outcomes (satisfaction, commitment and performance) in bureaucratic, supportive, and innovative cultures. In his study, Li observed that transformational leadership had higher correlations with all three cultures. In the same fashion, Pennington et al. (2003) and Li (2004) also asserted that transformational leadership correlates more positively with positive outcomes than transactional leadership in supportive and innovative cultures. Yet, in a different study, Schimmoeller (2010) found that there is a significant positive correlation between both transformational and transactional leaders with different organisational culture types.

Ngo and Loi (2008) suggested that an organisational culture, which is adaptive, has a positive effect on market-related performance. Chan et al. (2004) also found evidence that organisational culture is related to firm performance. Firm performance has been assessed by diverse outcome measures. Until recently, culture has been examined with performance and effectiveness. According to Reichers and Schneider (1990), while culture researchers have devoted numerous articles to the nature and definitions of culture, relatively fewer articles have been contributed towards culture and performance research (Booth and Hamer, 2009).

In another study, which was done with the purpose of surveying the relationship between organisational culture and performance of banks in Bahrain, the positive relationship was confirmed. Chung and Haddad's study (2001) confirmed a positive

relation between culture and performance and marginal industry effect between banks and hotels. In a research carried out by Prajogo (2010), the author examined the relationship between the four cultural dimensions of the competing values framework and performance types: product quality, process quality, product innovation, and process innovation (Prajogo and McDermott, 2011).

The following table 3.5, sheds light on previous empirical studies discussed the relationship between leadership styles (Transformational, Transactional and Passive-Avoidant) on organisational culture dimensions (Clan, Market, Adhocracy and Market) within SMEs context.

**Table 3.5 Summary of previous studies on the Relationship between Organisational Culture and Leadership styles**

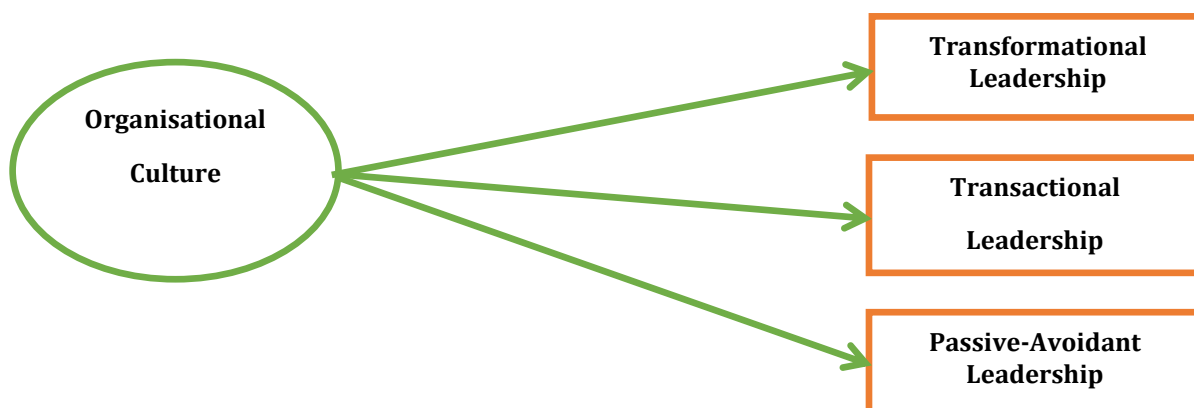
No.	Title	Year	Researcher	Summary of Research Findings
1	What leaders need to know about organisational culture	2017	Warrick	The study was conducted to explore the importance of organisational culture dimensions on leadership styles of organisations. Where findings revealed that leaders have to consider the importance of organisational culture in enhancing firm performance.
2	Governance for SMEs: Influence of leader on organisational culture	2014	Miladi	The study aimed to measure the influence of leadership goals on organisational culture within SMEs operating in Tunisia. Where, data was collected using questionnaire from 120 SMEs managers. Findings show that leadership goals have insignificant impact on organisational culture dimensions within SMEs.
3	Leadership style, organisational culture and performance: empirical evidence from UK	2000	Ogbonna and Harris	The study was conducted to explore the impact of leadership and organisational culture on organisational performance in UK. In addition, the study examined the mediation impact of organisational culture on leadership-

No.	Title	Year	Researcher	Summary of Research Findings
	companies			performance relationship. Findings revealed that leadership styles have significant impact on organisational culture dimensions.

Source: Researcher

Figure 3.5 illustrates the impact of organisational culture dimensions (Clan, Market, Adhocracy and Hierarchy) on leadership styles (Transformational, Transactional and Passive-Avoidant).

**Figure 3.5 Relationship between leadership and organisational culture**



Source: Researcher

The following table 3.6, provides a summary of the previous studies on the impact of organisational culture dimensions on SME performance.

**Table 3.6 Summary of previous studies on the Relationship between Organisational Culture and Organisational Performance within SMEs context.**

No.	Title	Year	Researcher	Summary of Research Findings
1	Organisational culture and Performance of SMEs in Uganda: A Case study of Hotel Sector	2017	Aketch et al.	The study investigated the impact of organisational culture dimensions on SMEs financial performance in Uganda. Where data was collected using survey method from 96 SMEs managers out of 112 distributed. Results shows that overall organisational culture dimensions have strong positive relationship on performance. Finally, the authors recommended to leaders to pay more attention about organisational culture to enhance SMEs financial performance.
2	Organisational culture and Performance: Research on SMEs at tele-Healthcare industry, United Kingdom	2017	Sadighi	The study measures the impact of organisational culture dimensions on SMEs financial performance within the tele-communication industry in UK. Questionnaire survey was collected from 210 SMEs managers across UK. Results show that organisational culture has significant impact on SMEs financial performance. Also, it has been concluded that innovation moderated the relationship between organisational culture and SMEs financial performance in UK.
3	Diagnosing organisational culture for SMEs financial performance	2012	Tidor et al.	The study aimed to measure the influence of Organisational culture dimensions on SMEs financial performance in Romania. Survey method was used to collect 225 responses from SMES managers and employees in Romania. In fact, financial performance was used to assess SMEs financial performance in Romania using the period from 2008 till 2010. Results revealed strong significant relationship between organisational culture and SMEs financial performance.
4	Effects of organisational culture, market orientation,	2012	Tajudin & Musa	The study measured the impact of organisational culture on SMEs financial

No.	Title	Year	Researcher	Summary of Research Findings
	and innovativeness toward new product performance amongst Malaysian SMEs			performance in Malaysian SMEs. Where data was collected through questionnaire from 65 SMEs. Results revealed that culture has significant impact on performance through innovation and market orientation.

*Source: Researcher*

Figure 3.6 illustrates the impact of organisational culture dimensions (Clan, Market, Adhocracy and Hierarchy) on organisational performance as per previous research in the literature review.

**Figure 3.6 Relationship between organisational culture and Organisational Performance**



*Source: Researcher*

### **3.3.5 Organisational Culture as a Moderator on the Relationship between Leadership and Organisational Performance**

The topics of leadership and organisational culture have been considered a centre of attraction for both academics and practitioners. Much of the interest in the two areas is based on explicit and implicit claims that both leadership and culture are linked to organisational performance. However, while the links between leadership and performance and between culture and performance have been examined



independently, a few studies have investigated the possibility of the existence of moderation impact of organisational culture in the leadership-performance relationship. More specifically, the literature review in the fields of organisational culture and leadership demonstrated that those two areas have been independently linked to organisational performance. For example, researchers have examined the links between leadership styles and performance (Bycio et al., 1995; Howell and Avolio, 1993), and also between organisational culture and performance (Deal and Kennedy, 1982; Denison, 1990; Ouchi, 1981).

Based on the literature review, a few empirical studies have combined the simultaneous examination of organisational culture, leadership style, and performance. Nguyen and Mohamed (2011) examined the moderating effect of organisational culture type on the relationship between leadership and knowledge management process in the context of small-to-medium sized enterprises operating in Austria. They found that the effectiveness of leadership behaviour depends on the type of organisational culture. They also suggest that leaders should use this mechanism effectively to establish the forms of thinking and the levels of motivation and behaviours that are important for the organisation. According to Ogbonna and Harris's (2000) study, there exists some joint effect of organisational culture dimensions and leadership styles on organisational performance. Where, authors' findings revealed that transformational leadership style is positively linked to organisational performance through the moderation effect of organisational culture dimensions. However, transactional leadership has negative effect on organisational performance through the moderation effect of culture. Ogbonna and Harris (2000) interpreted their findings as providing support for the proposition that the connection between leadership styles and performance could be moderated or

mediated by the nature and form of organisational culture that exists. Hence, it can be deduced from the literature that the effectiveness of a leader is viewed as the product of his or her ability to create a culture that supports a broad range of adaptive, stabilizing, and strategic activities. This implies that the leader who lacks cultural insight cannot lead effectively. Therefore, based on the literature review and arguments provided in this section in relation to the importance of organisational culture influencing the leadership and performance, this study addresses the following research question to explore the moderation effect of organisational culture dimensions (Clan, Market, Hierarchy and Adhocracy) on the impact of leadership styles (Transformational, Transactional and Passive-Avoidant) on SMEs financial performance operating in Egypt:

RQ5: Does Organisational Culture moderate the relationship between Leadership Styles and SMEs' performance in Egypt?

In order to answer the above-mentioned question, the proposed research hypotheses are presented below:

**H5: Organisational culture will moderate the impact of leadership styles on organisational performance**

**H5a:** Organisational culture will moderate the impact of transformational leadership on organisational performance.

**H5b:** Organisational culture will moderate the impact of transactional leadership on organisational performance.

**H5c:** Organisational culture will moderate the impact of passive avoidant leadership on organisational performance.

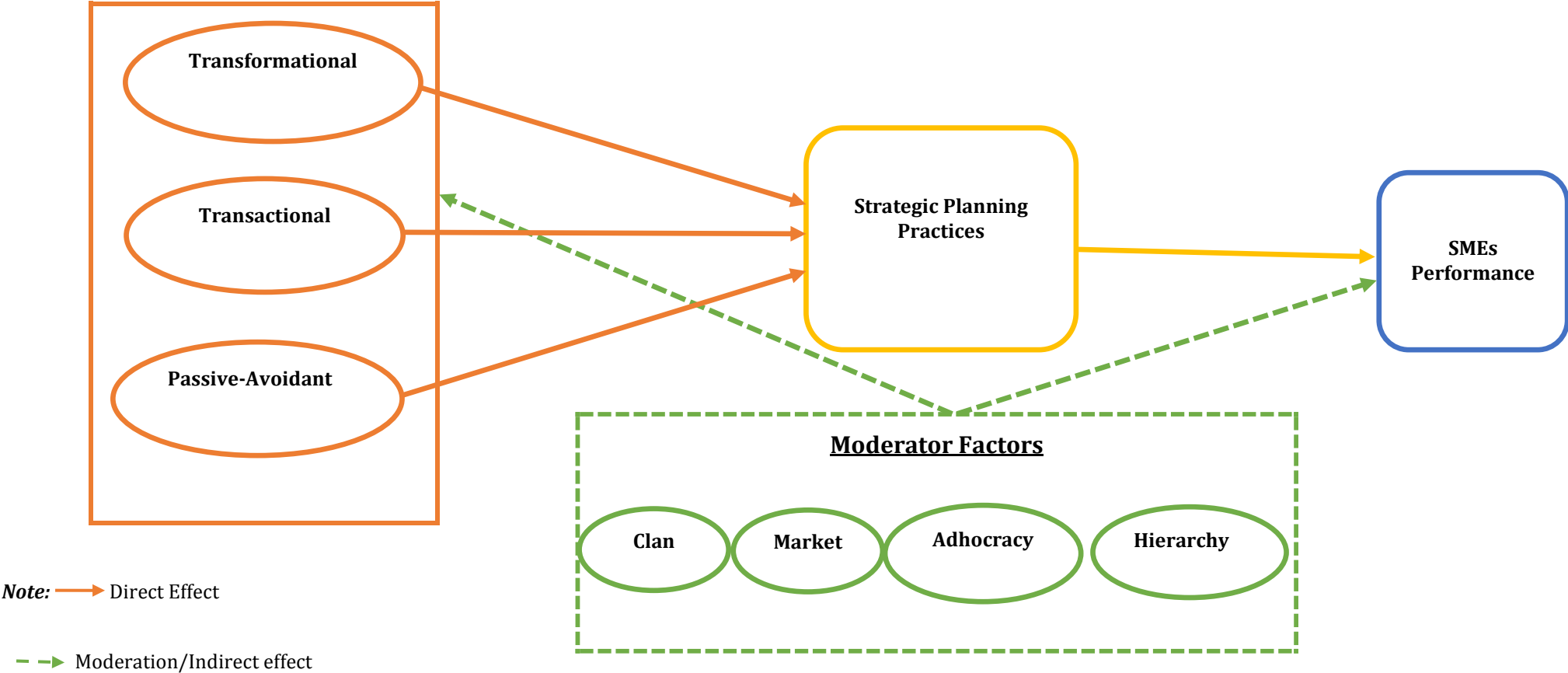
The following figure 3.7 illustrates the moderation effect of organisational culture dimensions (Clan, Market, Hierarchy and Adhocracy) on the impact of leadership styles (Transformational, Transactional and Passive-Avoidant) on organisational performance.

**Figure 3.7 Organisational culture as a moderator of the relationship between leadership styles and organisational performance.**



Figure 3.8 presents proposed conceptual framework developed based on current literature. Where, the independent variables (IV) for this study are 1- Transformation, 2- Transactional leadership, 3-Passive avoidant leadership style. While Organisational Performance is included as dependent variables (DV). Strategic planning is the mediator variable. Finally, Clan culture, Adhocracy, Market and Hierarchy culture are the moderator variable of the study. The basic conceptual framework for this study is proposed in Figure 3.8 below. Based on the literature review, there are different elements that influence the performance of SMEs. Hence, it is important to conduct this study to investigate the impact of leadership style on organisational performance.

Figure 3.8 Conceptual Model of the Relationship between LS,SP,OC and OP.



Source: Researcher

The proposed conceptual framework will investigate the following research questions, which were presented in chapter 1.

**Research question 1:**

Do Leadership styles affect organisational performance in SMEs operating within the Egyptian sector?

**Research question 2:**

Is there any relationship between leadership styles and strategic planning practice?

**Research question 3:**

Do strategic planning activities have significant impact on SMEs financial performance in Egypt?

**Research question 4:**

How does Leadership style influence Organisational Effectiveness through strategic planning and could strategic planning be mediated by the leadership-performance relationship?

**Research question 5:**

Is the leadership-performance relationship influenced by the moderating impact of organisational culture types and if so how?

**Research question 6:**

Do different Leadership Styles affect SMEs' Performance through the moderating effect of Organisational Culture and the mediating influence of Strategic Planning?

### 3.4. Proposed Research Hypothesis

The following table 3.7 summarises all the proposed research hypotheses to be tested, with the aim of answering the research questions as well as achieving the research objectives.

**Table 3.7 Research Hypothesis**

HN	Hypotheses description
<b>H1:</b>	<b>Leadership styles have significant impact on organisational performance.</b>
H1a:	Transformational leadership has significant impact on organisational performance beyond the effects of transactional and passive-avoidant leadership.
H1b:	Transactional leadership has significant impact on organisational performance beyond the effects of transformational and passive-avoidant leadership.
H1c:	Passive avoidant leadership has significant impact on organisational performance beyond the effects of transactional and transformational leadership.
<b>H2:</b>	<b>Strategic planning has significant impact organisational performance.</b>
H2a:	Internal orientation has a significant impact on organisational performance.
H2b:	External orientation has a significant impact on organisational performance.
H2c:	Strategic planning technique has a significant impact on organisational performance.
H2d:	Involvement of key Personnel has a significant impact on organisational performance.
<b>H3</b>	<b>Leadership styles have significant impact on strategic planning practice.</b>
H3a:	Transformational leadership has significant impact on strategic planning beyond the effects of transactional and passive-avoidant leadership.
H3b:	Transactional leadership has significant impact on strategic planning beyond the effects of transformational and passive-avoidant leadership.
H3c:	Passive avoidant leadership has significant impact on strategic planning beyond the effects of transactional and transformational leadership.
<b>H4:</b>	<b>Strategic planning will mediate the effect of leadership styles on organisational performance.</b>

HN	Hypotheses description
H4a:	Strategic planning will mediate the effect of transactional leadership styles on organisational performance.
H4b:	Strategic planning will mediate the effect of transformational leadership styles on organisational performance.
H4c:	Strategic planning will mediate the effect of passive-avoidant leadership styles on organisational performance.
<b>H5:</b>	<b>Organisational culture will moderate the impact of leadership styles on organisational performance.</b>
H5a:	Organisational culture will moderate the impact of transformational leadership on organisational performance.
H5b:	Organisational culture will moderate the impact of transactional leadership on organisational performance.
H5c:	Organisational culture will moderate the impact of passive avoidant leadership on organisational performance.

*Source:* Researcher

### 3.5 Conclusion

The aim of this chapter was to develop a conceptual framework as well as propose research hypotheses to answer the research questions and achieve the research objectives. Listed below are the important key points discussed in the chapter:

The development of one, fully-integrated conceptual model to be used by SMEs operating within the Egyptian context in order to effectively assess the direct and indirect relationship among the constructs under investigation. The conceptual framework proposed was the tool used to investigate the issues related to this study as well as fulfil the aim of the research. This study addressed the following issues: *Due to significant changes in the Egyptian political situation since the 2<sup>nd</sup> revolution in 2011, what type of Leadership styles can explain the variance of SMEs financial performance? And moreover, how can the leader influence the leadership-performance relationship through strategic planning practice?* Therefore, based on the above issues, the aim of this study is defined as follows:

The main aim of this thesis is to empirically investigate the direct and indirect relationship between Leadership Styles, Organisational Culture, Strategic Planning and SMEs financial performance in one integrated model within a new emerging economy.

More specifically, this study tends to assess whether the impact of Leadership Styles on SMEs financial performance is mediated by the Strategic Planning formulation and implementation on one side. As for the other side, the study tends to explore the effect of Organisational Culture in moderating the relationship between Leadership Styles and SMEs financial performance.



The developed conceptual framework tries to fill several gaps in the literature summarised in the following:

1. The direct relationship and the effect of different leadership styles on organisational performance in SMEs.
2. To report the practice of strategic planning activities within SMEs operating in Egypt.
3. Aims to answer the question of whether strategic planning could mediate the relationship between leadership styles and organisational performance.
4. Fills the gap in the existing literature about the moderating impact of different organisational culture types in the relationship between leadership styles and the performance of SMEs.

## **Chapter 4 : Data, Sample and Methodology**

### **4.1 Introduction**

The previous chapters have identified a research gap in the existing literature which has led to the development and proposal of a conceptual framework to suggest an explanation of the relationship between constructs under investigation. In addition, various theoretical perspectives have been discussed in relation to the current research (Bass et al., 1987; Cameron and Quinn ,2011; Karger and Parnell, 1996). This chapter aims to describe, as well as justify the methodology used in the current thesis towards achieving the proposed research aim and objectives. The chapter firstly describes and identifies a suitable research philosophy, followed by a clear establishment of the research strategy in order to operationalise the research questions of interest. This will include a review of the research instruments, the questionnaire format used, and the sampling and data collection methods will also be defined and justified. Finally, this methodology chapter will highlight the analysis procedures for data analysis in the following chapter.

### **4.2 Methodology**

The current research aims to investigate the relationship between different Leadership Styles (Transformational, Transactional, and Passive-Avoidant) and organisational performance whilst examining the moderating impact of Organisational culture dimensions (Clan, Market, Hierarchy, and Adhocracy) and the mediating effect of Strategic Planning practice in one integrated model for SMEs operating within the Egyptian context. To achieve the study's aims and objectives, as well as answer research questions and test the direct and indirect relationship amongst research variables, the

research will adopt a positivistic philosophy, followed by a deductive quantitative approach using a self-administered questionnaire. A convenience sampling technique has been applied to collect data from target respondents (Bryman and Bell, 2011).

#### **4.3 Research Philosophy**

In order to achieve the previously described research aims and test the empirical models related to the potential mediating and moderating effect of strategic planning and organisational culture on the leadership-performance relationship, the current study employed different theories to test the relationship between the different constructs under investigation. Since the study investigates different organisational cultures and leadership styles based on CEO/managers and employees' perceptions, a positivistic approach is considered suitable for the following reasons:

- 1) It is suggested that for a study to adopt positivist philosophy, it has to investigate the relationship between constructs using quantitative measures while deploying hypothesis testing on a particular sample to generalize the outcome to a larger population (Bryman and Bell, 2011; Creswell 2003, 2009).
- 2) The current study aims to test the conceptual model using the hypothetical deductive method in order to identify whether knowledge is true or false (Chuna, 1986). Therefore, use of the positivist philosophy is considered appropriate for the current study.
- 3) Adopting the positivistic philosophy is based on the identification of existing gaps/problems in the existing literature review. Creswell (2009; 2014) highlighted 3 fundamentals associated with the use of the positivistic/ deductive approach:

- a) Construction of hypothesis/model to investigate the relationship between constructs.
- b) Use of a quantitative method.
- c) Positivistic philosophy seeks knowledge by using scientific principles rather than focusing on human perceptions of meanings related to specific events.

Therefore, based upon the above-mentioned explanation of different philosophical approaches and in order to fulfil the main aims of the current research, the positivistic approach is considered suitable for developing and testing the proposed conceptual model.

#### **4.4 Research Approach**

Robson (2002), Saunders et al. (2009) and Bryman (2015), suggest a chronological process for using the deductive approach:

- 1- The departure point is the identification of the existing theories in the existing literature review based on the constructs under investigation.
- 2- Development of testable hypotheses in relation to the existing theory.
- 3- Providing operational definitions of each construct under investigation, as well as clearly defining suitable measurements for each construct.
- 4- Collection of the main data either using quantitative or qualitative technique.
- 5- Testing operational hypotheses and deciding on whether to confirm or to reject each hypothesis in relation to the theory.
- 6- Revision and modifications of the existing theory in relation to research findings.

Therefore, based on the proposed research aims and objectives of this thesis, the deductive approach is suitable for the current research (Saunders et al. 2009, p.69):

- 1- The aim of the current research is to develop a conceptual framework to measure the indirect and direct relationship that exists between leadership and firm performance.
- 2- The study intends to test hypotheses and not to develop theories
- 3- Uses Quantitative data
- 4- Uses a structure methodology.

According to the positivistic research philosophy employed in this research, which is driven from the objectivism ontology, it is based on the idea that the current study does not seek to produce new theory; instead, it tends to develop one integrated model and to test relationships between constructs under investigation by analysing quantitative data. Hence, the deductive approach is considered appropriate in order to achieve the research aim and to answer the research questions.

#### **4.5 Quantitative Approach**

The quantitative deductive research approach was employed, as this is the most convenient way to collect the required data from SMEs operating in Egypt. The quantitative research approach is a part of the positivist social sciences paradigm and reflects the scientific method of social sciences (Cooper and Schindler, 2001; Creswell, 2013). The positivist paradigm adopts a deductive approach for the research process. It begins with theories and hypotheses on a phenomenon, followed by data collection, and subsequent statistical analysis of the data to reject or support the initial hypotheses (Crowther and Lancaster, 2008; Kaplan, 2014).

The researcher's justification for using a quantitative approach specifically in relation to this research is that a self-administrated questionnaire was employed to collect data to determine the effectiveness and practice of the different constructs under

investigation i.e.; leadership styles, strategic planning practice, organisational culture and organisational financial performance (Avolio and Bass, 2004; Cameroun and Quin, 2011). These measures are used to interpret and determine the appropriate style used by different managers in different organisations. The aim of the current research is to examine the influence of leadership styles on the performance of SMEs operating within the Egyptian market. In addition, the study aims to investigate the potential mediating effect of strategic planning and moderating impact of organisational culture on leadership-performance relationship. Accordingly, the quantitative approach was employed in this research to enable the researcher to test the implemented theory against the distinctive sample observed, which generalizes the outcomes to the research population.

#### **4.6 Research Design**

According to Churchill (2009, p.127), research design is defined as “the framework or plan for a study used as a guide in collecting and analysing data. It is the blueprint that is followed in completing a study”. In fact, a Cross-Sectional Design will be chosen to achieve the research goal by studying many leaders and their subordinates across different SMEs operating in Egypt. A Cross-Sectional Design is a positivistic methodological approach that is intended to “obtain information on variables in different contexts, but at the same time” (Hussey and Hussey, 1997, p. 59). Creswell (2013) suggested that cross-sectional design frequently utilises a survey using self-administered questionnaire.

Table 4.1, (overleaf), provides a summary of the research design employed in the current study. A single cross-sectional time horizon was employed. A cross sectional design is “a research design that entails the collection of data on more than one case and

at a single point in time to collect a body of quantitative or quantifiable data in connection with two or more variables” (Bryman and Bell, 2015, p. 411). In fact, cross-sectional design has been extensively used in the field of leadership and strategic management (Elbanna, 2007, 2008, 2010; Al-shammari and Hussein, 2008; Elbanna and Child, 2007).

**Table 4.1 Research Design of the Current Thesis.**

Items	Design	Reason
Purpose of the Research	Deductive Research Study	This research will investigate the mediating influence of Strategic Planning and the moderating impact of Organisational Culture on the relationship among Leadership Styles and SMEs’ Performance within the Egyptian context.
Type of Investigation	Correlation and Regression	This research will test the deductive research hypothesis and develop a framework for assessing the variables under investigation.
Extent of the Research Interference	Minimum	The researcher was not present when the respondents were filling out the questionnaire
Data Collection Method	Survey- Self-Administrated Questionnaires	SMEs owners and managers will fill out the questionnaires, which are specially designed to fulfil the purpose of the study (either in Arabic or English) on their own, while the researcher waits nearby.
Sample Size	15 respondents per variable (Stevens, 1996)	SMEs managers who will participate in this research will come from different cities across Egypt.
Time Horizon	Single Cross-sectional Design	The data will be gathered just one time over a period of months.

*Source:* The Researcher.

#### **4.7 Data Collection Method**

The methodology deployed in this thesis involves conducting an extensive literature review, followed by primary data collection. Bryman (2012) described literature review as the most significant stage in any study, since it will be used as the foundation of the research and is considered the first step in the development of the theoretical framework. According to Churchill (2009), and Lincoln and Guba (2011) primary data collection is considered an essential if not the most important tool for conducting research in the business field for both academics and professionals. Moreover, primary data provides professionals as well as managers with reliable information that will assist them regarding their managerial decisions (Sekaran and Bougie, 2013).

Originally it was proposed to use primary and secondary data to test the research hypotheses and answer the research questions in the current research. The primary data was successfully collected using self-administered questionnaires in order to test the proposed conceptual framework using an empirical model to test the relationship between leadership styles and SMEs financial performance, and to test the indirect influence on organisational culture and strategic planning. However, the plan to collect secondary data to answer questions related to business performance proved impractical since access to information regarding participant companies' profitability for the past five years was declined by almost all the SMEs in this study. Also, there is no well-established database linked to SMEs in Egypt to record financial information and the official financial data available is limited due to poor reporting practices within the SME sector in Egypt (Elbekpashy and Elgiziry, 2018). Primary data collection was done using self-administered questionnaires rather than using interviews because of the following advantages identified by Bryman (2015, p.222):

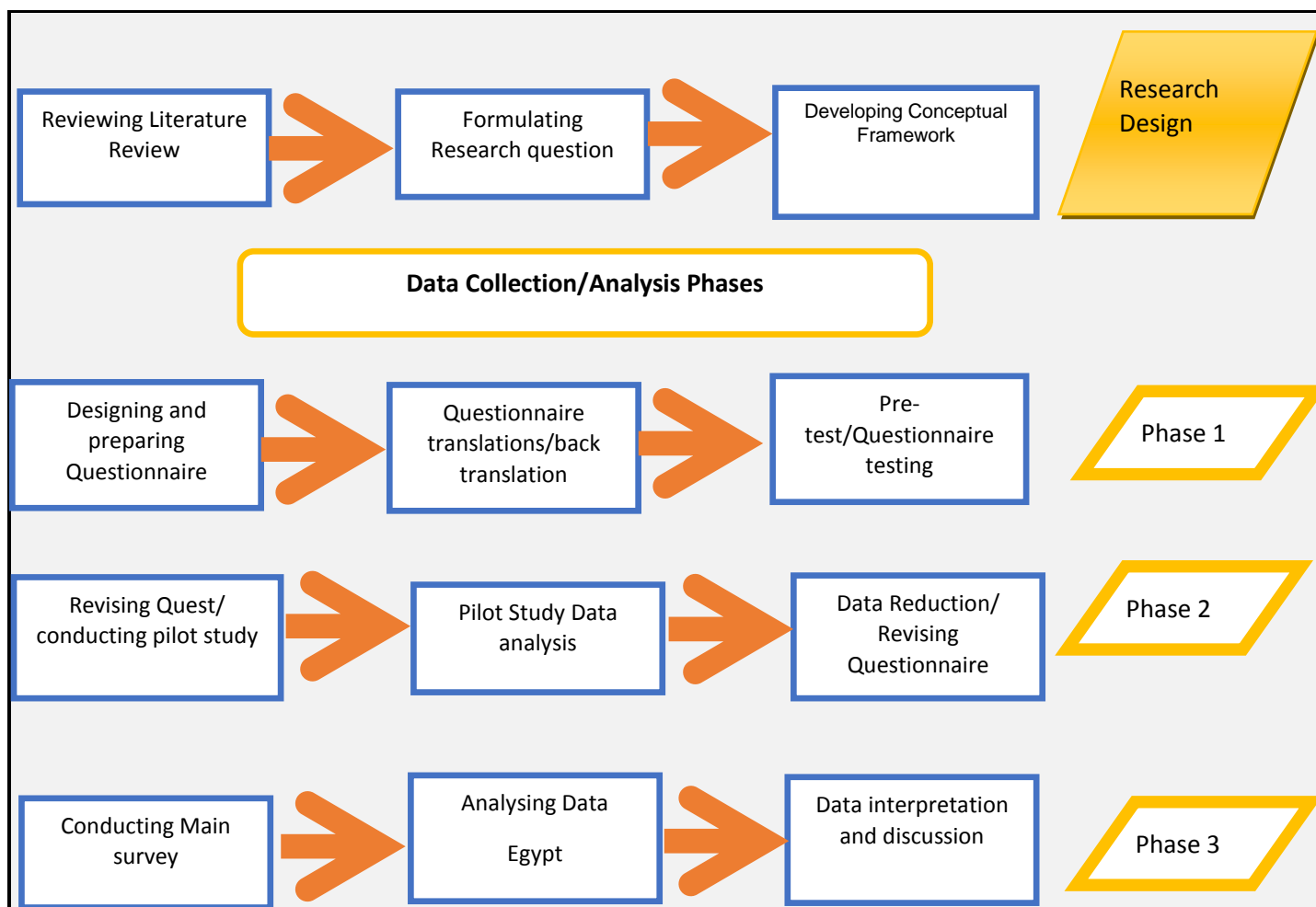


- 1- Questionnaires are cheaper to administer in comparison to qualitative interviews, especially when you have a sample that is geographically dispersed.
- 2- Self-administered questionnaires are considered a quicker and easier way to gather data.
- 3- Minimum researcher interference in regard to the use of self-administered questionnaires, wherein the absence of an interviewer will not have an effect on the data collected.
- 4- Convenient for respondents, as they can complete it at any time.
- 5- Questionnaires do not suffer from interviewers asking questions in a different order or in a different way.

In addition, a self-administered questionnaire seems to be the most appropriate way for collecting, as well as gathering information and data within the Egyptian context for the following reasons: firstly, official reports and data on the SMEs are limited due to poor reporting practices in the manufacturing sector in Egypt. Secondly, telephone interviews and postal surveys have not been widely used in Egypt due to high cost and low response rate.

Figure 4.1 indicates that data collection process of this study will be done in 3 different phases, namely: pre-test, pilot study and main study.

**Figure 4.1 Summary of Data Collection Phases.**



Source: Researcher

#### 4.8 Sample and Sampling Method

Deciding on a suitable sample for quantitative deductive research is considered a crucial step in social science, wherein most quantitative researchers face the issue of sample determination and raising the question of which sample could help the research with the generalisation of findings.

According to Ghauri and Gronhaug (2002), there exists a roadmap for drawing a sample from the entire population:

- 1- Defining the target population

- 2- Identification of the sample frame and selection of the suitable sample that reflects the entire population.
- 3- Determining sample size based on the level of the analysis required to test the research hypotheses.
- 4- Selection of the sample unit and collection of the data.

According to Malhotra et al. (2012), sample size refers to the number of elements that can be observed or included in the study. Following the recommendations of Stevens (1996), the sample size should be at least 15 respondents per construct under investigation. In fact, the current study's model encompasses 11 variables, and will employ about 165 subjects. According to Hair et al., (2014) rule of thumb states that the ratio of cases to independent variables should never be lower than 5 cases to 1 independent variable. Referring to Hair et al., (2011) the desirable ratio is 15-20 cases to 1 variable and with that ratio, the result can be easily generalised if it is representative. Therefore, the current study's sample size for the pilot stage was 50 cases to ensure internal consistency of the designed questionnaire using Cronbach's Alpha for reliability test. And the main study was carried out with 1000 questionnaires sent using postal survey, wherein 309 cases returned to the researcher on time which, according to the recommended ratios, can be considered robust.

Additionally, Bryman and Bell (2011) and Malhotra et al. (2012) pointed out an important consideration in determining the sample size, which is the average size of samples in similar studies, in addition to the resource constraints of the research. Therefore, the researcher examined the number of respondents in similar studies that were conducted in the context of leadership styles, organisational culture, strategic

planning and SMEs financial performance. See Table 4.2 for average sample size in similar studies to determine the sample size of the current research.

**Table 4.2 Sample size of Previous Studies in the context of Leadership Style, Organisational culture, Strategic Planning and Organisational Performance**

Author	Data Collection Method	Sample Size	Source
Elbanna (2010)	Strategic planning in the United Arab Emirates	112	International Journal of Commerce and Management
Arham (2014)	Leadership and Performance: The case of Malaysian SMEs in the service sector	193 owners and top managers	International journal of Asian Social Science
Antonakis & House (2014)	Instrumental Leadership: Measurement and Extension of Transformational-Transactional Leadership Theory	137	The Leadership Quarterly
Cheung et al. (2011)	Towards an organisational culture Framework in construction	146	International Journal of Project Management
Herrmann & Nadkarni (2013)	Managing strategic change: The duality of CEO personality	120	Strategic management journal

*Source:* Researcher

From the above table, we can conclude that in the current study, the sample size was in line with the average number of respondents in similar studies carried out in both developing and developed countries. According to Sekaran (2003) and Neuman (1997) research conducted with a small population (Population less than 1000) needs a large number of respondents, about 30%, in order to be valid. Whereas in research with a large population (Population equal to 10,000 and above), there is a need of only 10% (1000) to be accurate and valid. On the other hand, Roscoe (1975) introduced the rule of thumb which simply states that a sample of more than 30 and less than 500 is

preferable for the majority of research studies using multivariate and multiple regression analysis.

On the other hand, Sekaran and Bougie (2013) and Bryman (2015) asserted that there exist two main broad categories of sampling, namely: probability and non-probability sampling. Probability sampling refers to the equal chance given to each case of the entire population to be selected. On the other hand, non-probability sampling is referring to all forms of sampling that are not conducted according to the principles of probability (De Vaus, 2002 and Saunders et al., 2016). The current study uses a non-probability convenience sampling technique followed up snowballing in order to recruit respondents from the target group (employees at various levels of seniority within Egyptian SMEs').

Gaining suitable data in this research project required a good range of responses from each participating organisation using quantitative research methods (questionnaires). Therefore, to achieve the required amount of responses the decision was made to use a convenience sampling technique, followed by snowballing to collect data from SMEs operating within the Egyptian context. This facilitated SME owners and managers to complete the battery of questionnaires to fulfil the purpose of the study without risk of researcher influence or interference. Therefore, the sample was drawn from the entire population, based upon geographical clusters dispersed across the country in different cities. It was accepted that not everyone would return the questionnaires quickly as that depends on the willingness of respondents. Therefore, the main priority was to approach SMEs through trustable institutions and the banking sector to ensure a diversity of response and as high a level of completion as possible. In addition to find

organisations in different industries, representative of the SME sector, and the country as a whole, in order to fully interrogate the research questions.

#### **4.8.1 Sample used and data collection procedures**

The data collection process for the current research was administered through three different stages namely; Pre-pilot test, pilot test and main data collection. The pre-pilot test was conducted in the period between July 2015 and September 2015. Where, the designed questionnaire was revised and tested through cognitive interviews from 10 different professors in Management and Organisational studies from the University of West London and the Arab Academy for Science and Technology in Egypt. The second stage of the pre-pilot test was administered by MBA students from University of West London and the Arab Academy for Science and Technology (Cairo and Alexandria campuses). The reasons behind selecting MBA students in both countries was due to their experience in the market. The students were selected based on their managerial positions to fit with the aim of the current study. In fact, target respondents for the pre-pilot study were studying master level and holding full time position.

The second stage of data collection was the use of the pilot study. The pilot study was done after revising the questionnaire based on the pre-pilot test. Then translation procedure from English to Arabic and back translation took place prior to pilot study data collection. The pilot study conducted for this study took around three months (from October 2015 till December 2015). The sample received for the pilot study was 50 questionnaires from different management level from SMEs operating in Egypt. Convenience sampling techniques was employed to approach participants. Where, data was collected by the help of the Arab academy for science and technology, SMEs unit and post graduate studies. Postal survey mail was sent directly to SMEs managers in

different cities across Egypt. Where, the results of data collection were relatively low (only 20 questionnaires received). Then research decided to contact chamber of commerce in Alexandria to get permission to collect data from SMEs conferences. The results of data collection were extra 30 questionnaires filled by different management level of SMEs. The total collected valid questionnaire for the pilot test was 50 valid questionnaires.

After analysing and revising questionnaire design based on pilot study analysis, the researcher sent the questionnaire for translation and back translation to ensure quality of language. In fact, the main study began in August 2016 after analysing the pilot study data and after modifying some of the questions included in the questionnaire. The researcher tried to ensure that all survey questions were clear, easy to read and understand and unambiguous. Also, the researcher tried to provide a format and structure for the questionnaire that respondents could easily follow. Data collection finished by September 2017, which means that administration of the questionnaire took almost one year. It was decided not to accept the receiver of any additional questionnaire from SMEs after the 31<sup>st</sup> of August 2017. 1000 thousands questionnaire were sent to SMEs managers through the help of data base and connection of SMEs business unit of the Arab academy of Science and technology in different cities across Egypt: Alexandria: Miami and Aboukhir campus Cairo campuses: Heliopolis, Dokky and Smart Village, South Valley, Port Said and AL Mansoura. Also, the chamber of commerce in Alexandria and Cairo helped in distributing some questionnaire. On the other hand, the researcher has been advised to contact SMEs business units at different conventional banks in Egypt for data collection. In fact, headquarters of banking operating in Alexandria and Egypt were contacted and sample of questionnaire were

sent directly. The aim and importance of the study were discussed in person with the SMEs business unit managers to clarify the importance of the study and to ensure the maximum output of data collection.

See table 4.3 for the list of the names of conventional banking in Egypt helped in data collection from SMEs managers. The researcher has contacted and checked the banks websites to ensure the existence of SMEs department prior to data collection. In fact, fourteen business units of SMEs from banking sector were happy to send out postal survey to SMEs managers across different cities.

**Table 4.3 List of SMEs business units in conventional banks and Institutions help in identifying and contacting SMEs operating in Egypt.**

No	Egyptian Conventional Banks and Institutions
1	Arab Academy for Science and Technology, Maritime and Transport
2	Egyptian Chamber of Commerce
3	AHLI UNITED BANK (EGYPT) S.A.E.
4	Bank Audi
5	AL Baraka BANK of EGYPT
6	ARAB AFRICAN INTERNATIONAL BANK
7	ARAB INTERNATIONAL BANK
8	BANCA TRANSILVANIA S.A. ALEXANDRIA
9	BLOM BANK EGYPT S.A.E.
10	BANK OF ALEXANDRIA
11	COMMERCIAL INTERNATIONAL BANK (EGYPT) S.A.E.
12	NATIONAL BANK OF EGYPT ALEXANDRIA (MOSTAFA KAMEL BRANCH)
13	UNION NATIONAL BANK-EGYPT S.A.E.
14	HSBC Bank
15	Credit Agricole Egypt
16	National Bank of Greece

*Source:* Researcher



In total, 1000 questionnaires were distributed among managers of SMEs sector across different cities in Egypt. Participants in this study were all employed in managerial-level positions, ranging from junior management to that of CEO. As result of data collection, 309 were returned back by mail post at the end of august 2017, which provided a response rate of 30.9%. In general, the average response rate of 30.1% can be considered as a good response rate for a mail survey (Pearce and Zahara, 1991; Bryman, 2015). Compared with similar studies in the same field such as Abd-El-Salam, et al. (2013); Arham, (2014); Aziz and Abdullah, (2013) and Jung and Takeuchi, (2010) the response rate for this study could be considered as acceptable since the response rate of studies in this field are range from 23 % to 41%. In fact, 283 questionnaires were considered valid for further data analysis and testing research hypothesis and 26 questionnaires were excluded for various reasons (see more details in chapter 5). To sum up with the above mentioned, a convenience sample of 1,000 respondents from various management levels of the organisations was established. Questionnaires were posted to SMEs and then collected. The process was done using posted by return stamped envelopes provided by the researcher. The researcher beards the cost of all questionnaires sent out for data collection. In some cases, the researcher personally delivered the questionnaire SMEs in person, which involved travelling and residing for several days in the location to ensure a high response rate. In addition, snowball technique was adopted, as some business owners and managers gave referrals to other organisations (Vogt, 1999; Sekaran and Bougie, 2013). In fact, in the case of those organisations in which the researcher personally delivered the questionnaire, it was decided that the researcher would not be present when the questionnaires were being completed by employees. They were asked to answer them at their own convenience and return them in an unmarked envelope to the manager. The SMEs contacted for this

study are all from across all sectors. The SMEs sector was selected because is responsible for 70% of Egyptian's GDP( Abobakr and Elgiziry, 2015). To make sure that sample represents the population and underlying structure, the researcher tried to have a sufficiently large sample. According to Bryman (2015) and Comery and Lee (1992) a sample size of 1000 and above is considered as excellent, 500 is considered as very good, 300 as good, 200 as fair and less than 100 is considered as poor. The projected sample size of this study would be considered as an excellent (1000 questionnaire), however, the actual response rate of this study falls into a good category.

#### **4.9 Variables Definition and Measurement**

To achieve the research aim and objectives, the current study employs quantitative methods derived from the research of well-established scholars in the field (Avolio and Bass, 2004; Cameron and Quinn, 2011; Karger and Parnell, 1996; Griggs, 2002; Venkatraman and Ramanujam, 1986). To answer the research questions, a conceptual framework was developed, which comprises of four main constructs: leadership styles, organisational culture dimensions, strategic management practices, and organisational performance.

##### **4.9.1 Leadership Styles as an Independent Variable**

The Multifactor Leadership Questionnaire (MLQ form 5X short) developed by Avolio and Bass (2004) was used to measure the full-range leadership styles (independent variable) in SMEs operating within the Egyptian sector. In fact, the full-range leadership styles developed by Avolio and Bass were derived from Burns' study (1978) on the transformational and transactional leadership. The full range of leadership theory is used for the purpose of this study for the following reasons:

- 1- Full-range leadership model is probably the most validated leadership model in use worldwide today by many researchers in the field of management and Organisational study (Aziz and Abdullah, 2013; Abd-El-Salam et al., 2013; Lisak and Erez, 2015).
- 2- The leadership styles model and its derivatives have been used as an analytical framework for organisational and management studies (Arsawan et al., 2017) with many researchers (e.g. Antonakis and House, 2014; Youssef and Luthans, 2012 and Hammond et al., 2016) continuing to validate the transformational, transactional, and passive-avoidant styles suggested by Avolio and Bass (2004).
- 3- Finally, the leadership model has been widely used in evaluating multinational organizations, as well as SMEs in different contexts in both developing and developed countries (Hung et al., 2010; Rao, 2012; Arham, 2014).

On the other hand, Northouse (2001) stated that MLQ 5X was used to capture a broader range of leadership styles, including transformational, transactional, and passive-avoidant leadership styles. Furthermore, MLQ Form 5X is designed to assess leadership styles in both business and non-business environments. According to Avolio and Bass (1995), the instrument and its related items have been revised several times over the past two decades to address the criticisms surrounding its component factors and psychometric properties, such as the instability of MLQ and multi-collinearity among transformational leadership scales (Antonakis et al., 2003). Extensive psychometric testing with the use of various statistical methods was performed. The original instrument developer and colleagues added and deleted items, which led to the development of the current MLQ version (Antonakis et al., 2003; Avolio and Bass, 2004).

The full-range leadership model comprises of three distinct leadership styles, which are transformational, transactional, and laissez-faire leadership styles. Multifactor questionnaire (MLQ5X) comprises 5 transformational leadership factors, 2 transactional leadership factors, and 2 passive-avoidant leadership factors:

- 1- Transformational leadership style, which is divided into 5 sections: Idealised Attributes (IA), Idealised Behaviours (IB), Inspirational Motivation (IM), Intellectual Stimulation (IS), and Individual Consideration (IC).
- 2- Transactional leadership style, which is divided into 2 sections: Contingent Reward (CR) and Management by Expectation Active (MBEA),
- 3- Finally, Passive-avoidant leadership style, which is divided into 2 sections as well: Management by Expectation Passive (MBEP) and Laissez-Faire (LF).

**Table 4.4 Measurement of the independent variables**

Variable(s)	Dimensions	Operational Definition	Source	No. of Items
<b>Leadership Style</b>	<b>Transformational Leadership</b>	5-point Likert Scale 0 meaning Not at all and 4 meaning Frequently, if not always.)	Avolio and Bass (2004)	20
	<b>Transactional Leadership.</b>			8
	<b>Passive/Avoidance Leadership.</b>			8

*Source: Researcher*

**Table 4.5 Conceptual definitions of leadership styles**

Variables	Dimensions	Conceptual Definition
Leadership Style	Transformational Leadership	<i>Transformational leaders:</i> have a long-term vision, enthusiastic, as well as holds a strong ability to motivate and inspire subordinates (Howell and Avolio, 1993).
Leadership Style	Transactional Leadership.	<i>Transactional leaders:</i> are viewed as instrument inside the organisation and their focus is to have a good relationship with their subordinates (Bass and Avolio, 1993, 2004).
Leadership Style	Passive-Avoidance Leadership.	<i>Passive Avoidance:</i> An avoidant leader may either not intervene in the work affairs of subordinates or may completely avoid responsibilities as a superior and is unlikely to put in effort to build a relationship with them (Bass and Avolio, 2004).

#### **4.9.2 Organisational Culture as a Moderator Variable**

The moderator variable, which is the Organisational Culture, in this study will be measured using the Organisational Culture Assessment Instrument (OCAI) based on the competing value framework (CVF), which has been developed by Cameron and Quinn (2011), where the CVF model consists of four different quadrants (1) Clan culture, (2) Adhocracy culture, (3) Market culture, and (4) Hierarchy culture. The CVF measures an employee's and manager's perception of organisational culture based on a theoretical model of cultural traits that incorporates concepts of internal integration and external adaptation (Schein, 1992, 2010). The current study used Organisational Culture Assessment Instrument (OCAI) based on the CVF which has been developed Cameron and Quinn for several reasons:

- CVF has been considered the most appropriate measurement instrument for assessing Organisational Culture. There is a consensus among scholars that questionnaires can play an important role in the quantitative analysis of organisational culture (Schein, 2010; Cameron and Quinn, 2011).
- Moreover, CVF has been widely used by many researchers, as well as academics, all over the world (e.g. Kabasakal and Dastmalchian, 2001; Helfrich et al., 2007; Kokt and Merwe, 2009; Nazarian and Atkinson, 2013).
- The CVF model is considered the most comprehensive instrument that could be used in any organisation as it provides the researcher with the opportunity to investigate organisational culture from various perspectives (Cameron and Quinn, 2011).

**Table 4.6 Measurement of the Moderator Variable**

Variable(s)	Dimensions	Operational Definition	Source	No. of Items
<b>Organisational Culture</b>	<b>Clan Culture</b>	5-point Likert Scale 1=Strongly Disagree 5 =Strongly Agree	Cameroun and Quinn (2011)	6
	<b>Adhocracy Culture</b>			6
	<b>Market Culture</b>			6
	<b>Hierarchy Culture</b>			6

*Source: Researcher*

**Table 4.7 Conceptual definitions of organisational culture Dimensions.**

Variables	Dimensions	Conceptual Definition
<b>Organisational Culture</b>	Clan Culture	<i>Clan Culture:</i> is defined as the feeling of an extended family with a friendly atmosphere, where leaders are considered mentors (Cameron and Quinn, 2011).
<b>Organisational Culture</b>	Adhocracy Culture	<i>Adhocracy Culture:</i> is a characteristic related to dynamic, innovative leaders, and is considered as a culture where people are willing to take risks (Cameron and Quinn, 2011).
<b>Organisational Culture</b>	Market Culture	<i>Market Culture:</i> is defined as being very customer-oriented, where leaders are tough, demanding, and focussed on achieving good final results (Cameron and Quinn, 2011).
<b>Organisational Culture</b>	Hierarchy Culture	<i>Hierarchical Culture:</i> is defined as a formalised and structured place of work where people are governed by procedures and rules (Cameron and Quinn, 2011).

Source: Adapted from Cameron and Quinn, 2011.

#### **4.9.3 Organisational Performance as a Dependent Variable**

The performance of SMEs has been measured through a subjective approach using financial and non-financial performance. The questionnaire was developed by Dess and Robinson (1984). Latterly Venkatraman and Ramanujam (1986) have modified the financial measurement of performance and this was further adapted by Santos and Brito (2012) to include financial performance measurement and non-financial performance using strategic performance, where financial indicators include Profitability, Market value, and Growth. Strategic performance encompasses Employee satisfaction, Customer satisfaction, Environmental performance, and Social performance. For this study, the subjective approach of measuring financial and non-financial performance has been employed in measuring the performance of SMEs. In fact, the subjective performance was measured by asking the respondent, five questions on a five-point Likert scale to indicate the SMEs financial performance compared with that of their major competitors in the same industry. The questions were asked to reflect the overall performance, competitive position, efficiency of operations, sales growth and employment growth for the previous 3 years where these measures were extensively used in the field of strategic management and performance. Furthermore, these measurements were developed and used by Dess and Robinson (1984). Subjective measurement of firm performance was used in several studies related to SMEs financial performance in the Middle Eastern context (see Aldehayyat and Twaissi, 2011). Measuring firm performance using subjective measures is considered appropriate for the following reasons:



1- The subjective approach is appropriate for collecting data from SMEs, since collecting objective data is difficult, as there is no available financial database for SMEs in Egypt.

2- In addition, poor reporting and unwillingness of SME owners to disclose financial information to outsiders are the main motives for collecting data subjectively rather than objectively.

3- Financial and non-financial indicators are able to include a company's intangible and intellectual assets, which are mostly seen by SME owners as important factor for their development.

4- Subjective measurement of SMEs financial performance developed by Dess and Robinson (1984) directly link effective strategic planning to organisational performance (Schwenk and Shrader, 1993) and has been widely used to measure SMEs financial performance (Aldehayyat and Twaissi, 2011).

According to the above-mentioned reasons, the subjective measurement of SMEs financial performance using a mixture between financial and non-financial aspects is considered appropriate for achieving the research aims and answering the research questions for the purpose of this study.

**Table 4.8 Measurement of the dependent variable**

Variables	Dimensions	Operational Definition	Source	No. of Items
<b>Organisational Performance</b>	Financial perspective. Competitive position, efficiency of operations, sales growth, and employment growth	5-point Likert Scale Degree of Fulfilment 1=Unfulfilled 5= Entirely	Dess and Robinson (1984); Venkatraman and Ramanujam, (1986) and Aldehayyat and Twaissi, (2011)	5 items

*Source: Researcher*

#### **4.9.4 Strategic Planning as a Mediating Variable**

For this study, the multi-dimensional approach is used for measuring the Strategic planning process effectiveness, where the multi-dimensional approach was introduced by Ramanujam, Venkatraman and Camillus (1986) and Ramanujam and Venkatraman (1987). Later, one of the multi-dimensional approaches was modified and updated by Griggs (2002) in his research on small-scale firms. Griggs (2002) suggested 5 main dimensions of measuring the practice of strategic planning effectiveness within small firms, namely: (1) The use of strategy tools and techniques, (2) Attention to internal facets (3) Attention to external facets, (4) Functional coverage and (5) Involvement of key personnel in the planning process. For the purpose of this study, the Multi-Dimensional Approach (MDA), modified by Griggs (2002), is considered appropriate for the following reasons:

- 1- The Multi-dimensional approach has been widely used by many researchers as well as academics for measuring and assessing strategic planning in small and medium

scale organizations (Robinson and Pearce, 1984; Kraus et al., 2006; Aldehayyat and Anchor, 2008; Aldehayyat and Twaissi, 2011).

2- Strategic planning dimensions modified by Griggs (2002) directly link effective strategic planning to Organisational performance (Al-Shaikh, 2001).

According to the above-mentioned reasons, the Multi-dimensional approach of strategic planning is considered appropriate for achieving the research aim and answering the research questions for the purpose of this study.

**Table 4.9 Measurement of the mediator variable**

Variables	Dimensions	Operational Definition	Source	No. of Items
<b>Strategic Planning</b>	<b>Attention to Internal Aspects</b>	5-point Likert Scale was adopted to measure strategic planning, ranging: 1= No Emphasis 2=Less Emphasis 3=Moderate Frequency 4=Emphasis 5 =Great Emphasis	Karger and Parnell (1996) and Griggs (2002); O'Regan (2000)	4
	<b>Attention to External Aspects</b>			3
	<b>Use of Techniques</b>			10
	<b>Involvement of key Personnel</b>			4

*Source:* Researcher

**Table 4.10 Conceptual definitions of Strategic Planning Dimensions**

<b>Variables</b>	<b>Dimensions</b>	<b>Conceptual Definition</b>
<b>Strategic Planning</b>	Attention to internal Aspects	Attention to internal aspects is the degree of attention given to past performance and analysis of strength and weakness. (Ramanujam et al., 1986; Karger and Parnell, 1996).
<b>Strategic Planning</b>	Attention to external Aspects	Attention to external aspects refers to the degree of attention given by a company to monitoring external environmental trends in the market place in which they compete (Ramanujam and Venkatraman, 1987; Karger and Parnell, 1996; Oreja-Rodriguez and Yanes-Estevez, 2007).
<b>Strategic Planning</b>	Use of techniques	Use of technique refers to the degree of attention by a company to identify current strategic problems (Elbanna, 2010; Aldehayyat, 2011; Boyd and Reuning-Elliott, 1998; Stonehouse and Pemberton, 2002).
<b>Strategic Planning</b>	Involvement of key personal	The degree of involvement of top and line management in strategic planning process (Elbanna, 2010).

*Source:* Researcher

#### **4.9.5 Measurement of the Control Variables**

This research mainly investigates the direct and indirect relationship that exists on the impact of leadership styles on SMEs financial performance. Specifically, the second empirical model deals with the impact of leadership styles on strategic planning. Moreover, the study intends to explore the impact of strategic planning activities on organisational performance. Moreover, the study tests the indirect relationship of the

organisational culture and strategic planning on leadership-SMEs financial performance relationship. However, it is important that other factors must be controlled. Those factors are ones that may not be related to the independent variable, Leadership styles incorporate yet may also contribute to improving SMEs financial performance, such as the effects of firm age, firm ownership and firm industry (Mallory et al. 1983; Lioukas et al. 1993; Elbanna, 2008; 2010).

**Table 4.11 Measurement of Control variables**

Variable	Conceptual Definition	Source
<b>Firm Age</b>	1 categorical question converted to 1 dummy variable; 1 if SMEs age is up to 10 years; 0 otherwise	Elbanna, 2008;2010
<b>Firm Ownership</b>	1 Categorical question converted to 1 dummy variable; 1 if the SMEs is private owned; 0 otherwise	Elbanna, 2008;2010
<b>Firm Industry</b>	1 Categorical question converted to 1 dummy variable; 1 if the SMEs operating within Trade, Construction and Manufacturing sector ;0 otherwise	Elbanna, 2008;2010

Source: *Researcher*

#### 4.10 Questionnaire Format

Bryman and Bell (2011) and Sekaran (2003) suggested the use of an existing valid and reliable questionnaire extracted from an existing literature review instead of designing/developing a new questionnaire from scratch. Thus, the researcher decided to use and adapt a reliable and validated scale for each construct under investigation, and then proceeded with measuring the reliability and validity of each construct in UK and Egyptian context. For consistency, the researcher decided to use a 5 point Likert scale to measure and assess all questionnaire items. Indeed, all items were presented in the same format (Bryman, 2015).

The questionnaire used for this thesis consists of 5 main sections:

Section 1 includes the Multifactor Leadership Questionnaire (MLQ form 5X short) updated by Bass and Avolio (2004) for measuring the full-range leadership styles (independent variable) in SMEs operating in Egypt. The questionnaire contains 45 items, of which 36 statements determine the key characteristics of leadership behaviour. Items 36-45 measure extra effort, satisfaction, and effectiveness. These items were excluded from the study, as they were not needed. Transformational Leadership style was measured based on 5 different dimensions: (1) Idealized Attributes, (2) Idealized Behaviours, (3) Inspirational Motivation, (4) Intellectual Stimulation, and (5) Individual Consideration. Consequently, Transactional Leadership style was measured using 2 dimensions: (1) Contingent Reward and (2) Management by Exception-Active. Lastly, Passive/Avoidant Leadership style will be measured using 2 dimensions: (1) Management by Exception- Passive and (2) Laissez-Faire. A 5-point Likert scale ranging from (1) Not at all, (2) once in a while, (3) sometimes, (4) fairly often, (5) frequently, if not always were used for assessing leadership styles in this specific study.

Section 2 includes the Organisational Culture dimensions (Moderator variable) in this study, which were measured using the Competing Values Framework (CVF). The CVF developed by Cameron and Quinn (2011) consists of 4 main culture types: (1) Clan Culture, (2) Adhocracy culture, (3) Market culture, and (4) Hierarchy Culture. A 5-point Likert scale ranging from strongly disagree to strongly agree will be used for assessing Organisational Culture types.

The third section of the questionnaire deals with Strategic Planning (Mediator Variable), for which a multidimensional approach was adapted and used for this specific study. In fact, the characteristics of the **Strategic Planning measurement scale was taken from**

**a valid test, constructed previously as suggested by Ramanujam et al. (1986), Ramanujam and Venkatraman (1987) and modified by Karger and Parnell (1996) and Griggs (2002).** Assessing Strategic Planning effectiveness, the measurement scales consist of 4 main dimensions (1) Attention to internal aspects, (2) Attention to external aspects, (3) use of techniques, and (4) involvement of key personal. A 5-point Likert scale ranging from significantly less emphasis (1) to a significantly more emphasis (5) for the first four dimensions and (1) not participating at all to (5) strongly participating were used to measure strategic planning practice within SMEs operating in Egypt. In fact, 10 items from the multidimensional approach were deleted from the questionnaire, as they are difficult to assess by SMEs as suggested in O'Regan's study (2000) about measuring strategic planning practice in small firms.

In Section 4, the performance of SMEs as the dependent variable of this study was **measured using validated items adopted using multi-dimensional mixing of financial and non-financial measurement developed by Venkatraman and Ramanujam in 1986.** In fact, this study evaluates firm performance using 5 items on a 5-point Likert scale that firms assessed for three years in comparison to its main known competitors operating within the Egyptian context (Govindarajan, 1988; Lee and Miller, 1996; Pertusa-Ortega et al., 2010). In fact, performance items were used to measure different aspects of SME performance, such as profitability, market share, customer satisfaction, and adaptability. All performance items assess performance levels relative to the industry averages. Finally, section 5 of the questionnaire focuses on the demographic characteristics of the sample respondents. During the data collection stage, demographic variables firm age, firm ownership, and firm industry were part of the demographic section. Where, all demographic questions were categorical questions.

The three control variables used in multiple regression namely; firm age, firm ownership and firm industry were all coded, or scaled. So that the numbers used for categorical questions were converted into dummy variables using SPSS software in order to be used for multivariate analysis using multiple regression to test research hypotheses.

#### **4.11 Translation Procedures**

In order to ensure a high degree of accuracy in the translation of questions used in the questionnaire, many scholars, including Brislin (1980), Hui and Triandis (1985), Kivimaki et al. (1997), and Shiyab (2013) suggested the use of the back-translation test. According to the purpose and the quantitative nature of this study, the researcher should apply back-translation technique in which the questions are designed in English and are then translated into Arabic and back again in four steps to ensure clarity as well as accuracy.

**Step 1:** The questions were translated from English to Arabic by the researcher.

**Step 2:** A professional translator translated all questions to Arabic.

**Step 3:** After considering both translations, some questions were checked and modified in order to produce a finalized set of questions.

**Step 4:** For the final check, another professional translator was employed to translate questions from Arabic back to English.

#### **4.12 Pre-Test and Pilot Study**

The Pre-test was conducted after finalising the translation procedure of the main battery of questionnaires from English to Arabic, as the target population are non-



English speakers. The pre-pilot study was divided into 2 main parts: first, testing the English version of the questionnaire with the help of MBA students and PhD students in London and Egypt. The second step was testing the Arabic-translated version of the questionnaire with the help of PhD students and Professors in the management field in Egypt (Creswell, 2009).

Willis (1999) suggested that a cognitive interview can be conceptualised as a modification and expansion of the usual survey interviewing process. A cognitive interview was conducted by inviting 10 SME owners and managers who are industry experts from different SMEs operating within the Egyptian context to check different sections of the questionnaire. As a result of the cognitive interview the financial section has been modified and the number of items used to measure objective performance have been reduced from 10 items to focus only on 5 items related to profitability and market share in comparison to direct competitors in the market. In addition, a decision has been made to remove the functional coverage items from the strategic planning sections, as during the cognitive interview experts stated that there exists no functional coverage between division in SMEs operating in Egypt due to financial and size issues.

Therefore, after analysing results from the Pre-Test and some modifications, as well as amending some of the questions, new Arabic and English versions were designed to conduct the Pilot study on the operating SMEs in Egypt. The second stage of the data collection, after revising the modified questionnaire, is the Pilot study. The researcher conducted the pilot study for the following reasons; (Sekaran and Boogie, 2013; Bryman and Bell, 2015):

- To test the clarity of the overall questionnaire

- To ascertain the reliability of the instrument used to achieve the research objectives in general.
- To help the researcher with the estimation of the time needed to answer questions.
- To check if there is a need to reword/reformulate any of the questions.

In addition to the above-mentioned advantages of conducting a pilot study, Powney and Watts (1987) and Creswell (2009) suggest that a pilot study will benefit the research in the following ways:

1. To check if the organisation under study truly reflects the entire population
2. Putting the structure and logistics of the interview to a practical test
3. Acting as an opportunity for the researcher to develop his/her communication skills.

The pilot study data collection was done by collecting 50 self-administered questionnaires from SMEs operating within the Egyptian context.

#### **4.13 The Pilot Study Outcome**

The data for the pilot study was collected from 50 Management staff of Egyptian SMEs. In fact, the questionnaire collected for the pilot study were not used for data analysis. A self-administered questionnaire was collected from the target respondents with the help of the Egyptian Chamber of Commerce and the Arab Academy for Science and Technology, Maritime and Transport SMEs unit, as this was the most convenient way of reaching the target respondents. In addition, this method ensures that the questionnaire is fully completed by SME managers to guarantee better results. The researcher decided not to have too large a sample for the pilot study, as this may increase the

possibility of losing potential respondents for the final data collection. Also, 50 respondents are acceptable for testing reliability of the entire questionnaire (Bryman and Bell, 2011; Saunders et al., 2012; 2016).

#### **4.13.1 Reliability**

The reliability is the extent to which the measure is without bias (error-free). The less random error is detected, the more reliable the data will be. It indicates the stability, consistency, and goodness of a measure over time and across the various items in the instrument (De Vaus, 2002; Sekaran and Boggie, 2013). According to Bryman and Bell (2015), researchers argue that there are a number of considerations that previous research has highlighted in the use of reliability testing, which also determines the acceptable level of the alpha coefficient. They agreed that the alpha coefficient of an average between 0.50 - 0.70 is a moderate and acceptable level for social research; certainly, the higher the coefficient, the better the reliability of the scale. Badly worded questions could lead to high unreliability. In other words, people may interpret the questions differently on different occasions (De Vaus, 2002).

**Table 4.12 Pilot Study Internal Reliability Analysis**

Variable/Factor	No of Items	Cronbach's Alpha
<b>Overall Reliability (86 items)</b>	<b>86</b>	<b>0.902</b>
<b>Leadership Style</b>	<b>36</b>	<b>0.951</b>
Transformational Leadership	20	
Transactional Leadership	8	
Passive/Avoidance Leadership.	8	
<b>Organisational Culture</b>	<b>24</b>	<b>0.867</b>
Clan Culture	6	<b>0.822</b>
Adhocracy Culture	6	
Market Culture	6	
Hierarchy Culture	6	
<b>Strategic Planning</b>	<b>21</b>	<b>0.922</b>
Attention to Internal Aspects	4	
Attention to External Aspects	3	
Use of Techniques	10	
Involvement of key Personnel	4	
<b>Organisational Performance</b>	<b>5</b>	<b>0.853</b>

*Source: Researcher*

From the above table, the results demonstrate that reliability coefficients (Alpha) for all the variables under investigation are within the acceptable level of reliability coefficients in social research. Thus, they are considered safely above the limit of acceptability for social research.

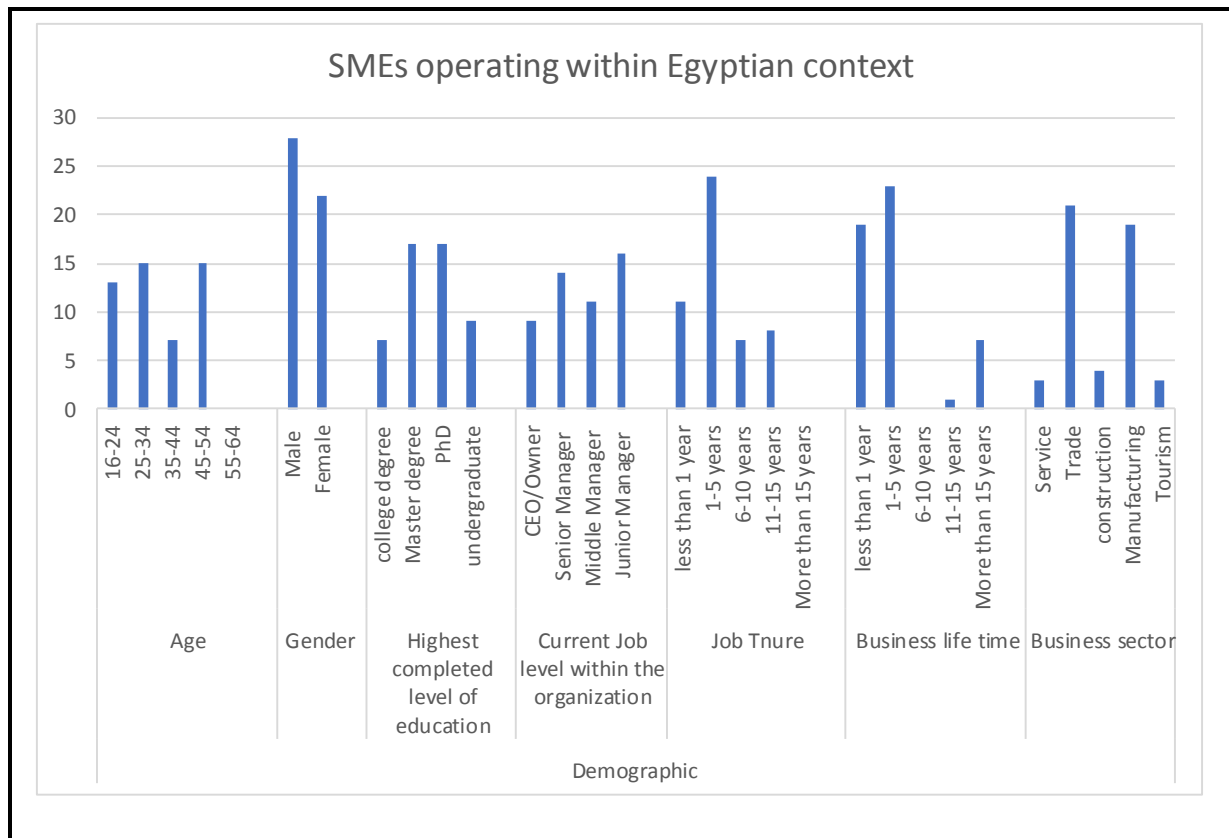
#### **4.13.2 Demographic Analysis**

Demographic analysis for the pilot study was done using frequency analysis to calculate the percentage of the occurrences of various answers that arose in certain questions and the occurrence of the respondents' demographic characteristics (Sekaran and Boogie, 2013). Also, additional descriptive statistics (mean, range, and standard

deviation) will be used to identify the average answers of the respondents using a variety of methods; recognize the answer value that occurs most frequently and offer an indicator of the spread of the data distribution (Sekaran and Boogie, 2013).

### 4.13.3 Sample Respondents

**Figure 4.2 Demographic analysis of SMEs Respondents operating within the Egyptian context.**



*Source: Researcher based on pilot study analysis.*

Figure 4.2 shows Egypt demographic analysis regarding SMEs respondents. The results demonstrate that more than 80% of the respondents, aged between 25 and 34, operate within the Egyptian SMEs. In Egypt, 60% of the survey respondents are males and 40% are females. In addition, it was found that the majority of the sample respondents are well educated, with more than 50% educated to Masters Level. Furthermore, it was found that in Egypt more than 50% of the total respondents have working experience,

ranging between 6 and 10 years. Finally, the pilot study outcomes indicate that more than 45% of the respondents are in the Egyptian trade sector.

#### **4.14 Research Quality and Ethics**

According to Diener and Crandall (1978), there exist four main ethical principles that researchers should pay attention to while conducting studies related to social research. First, researchers should consider if the constructed questionnaire could, in any way, harm the target respondents. Secondly, respondents should receive a consent form regarding their participation in the study. Thirdly, the researchers should ensure the privacy of data collected from participants. Finally, FRE suggests six principles to ensure a higher quality research. "Research should be designed, reviewed and undertaken to ensure integrity, quality and transparency (FRE, p.3) (cited in Bryman, 2012, p.144).

According to the proposed methodological approach, there will be no concern regarding ethical issues. Since the self-administered survey will adhere to protocols to ensure confidentiality, anonymity, privacy and an ethical way of dealing with data collected from the target audience. As a matter of fact, the researcher will undertake several steps to ensure that all ethical considerations and requirements are followed throughout all phases of the research. First, the research methodology employed in this thesis will ensure the security of participants' confidential information. A consent form will be attached to every questionnaire, including all related information about the subject and the purpose of the research, including the name of the university and signed by the researcher. In addition, the researcher will ask all SMEs in charge for an approval before participating in the research survey. Moreover, SMEs that will participate in the survey will be assured that their private and confidential information will be safe and have the right to withdraw from the research process at any moment or at any stage.

Additionally, participants will be instructed not to write their own names on the question forms, and the collected data will be coded to ensure their privacy throughout the research.

Indeed, the research has been approved by the University of West London Research Ethics Committee. Additionally, it will adhere to the University of West London's Code of Research Practice (UWL, 2009/10), which has been drawn up in the context of the MRC/NHS governance frameworks and within a wider spectrum, including the Statement on Safeguarding Good Scientific Practice issued by the BBSRC (2006) and the ESRC's Research Ethics Framework (2006) to minimise risks, ensure informed consent, privacy and confidentiality.

#### **4.15 Data Analysis Procedure**

After the collection of the primary data through the self-administered survey from different SMEs operating in Egypt, the researcher will conduct several data analyses by employing multiple regression analysis using ordinary least square (OLS) to illustrate and test the nature of the relationship between the dependent and independent variables. Furthermore, multiple regressions have been used to test possible mediation of strategic planning practice and moderation of organisational culture on the leadership-performance relationship. According to Hair et al. (2014), the multiple regression method is considered essential for multivariate analysis. Also, multiple regression is widely used and accepted for investigating the relationships between one dependent variable and several independent variables according to the underlying statistical theory. Furthermore, data analysis will be conducted in order to perform a set of advanced statistical analysis, which will allow the researcher to achieve the research objectives, answer the research questions and approve or disapprove the

corresponding research hypotheses (Sekaran and Bougie, 2013). As recommended by Hair et al., (2010), there are some presumptions that need to be examined before testing the research hypothesis using regression analysis. Chapter 5 will present in detail the data preparation and screening for the designed questionnaire: descriptive statistics of the sample respondents, examination of the potential outliers, multicollinearity, normality homoscedasticity, and finally the researcher will test common method biased to ensure that there is no common method biased in relation to the questionnaire responses.



#### 4.16 Empirical Models

This section presents the proposed empirical models to test the direct and indirect relationship between constructs under investigation:

##### 1- Impact of leadership styles on organisational performance.

The first empirical model illustrates the first regression equation to test the impact of leadership styles on organisational performance. Regression equation includes leadership styles (Transformational, Transactional and Passive-avoidant) as the independent variables, while organisational performance is the dependent variable. Control variables used in testing this model are firm age, firm ownership and firm industry.

The proposed regression model is defined by the following equation:

$$PERF = \alpha_0 + \alpha_1 TFLS + \alpha_2 TALS + \alpha_3 PALS + \alpha_4 FA + \alpha_5 FO + \alpha_6 FI + \mu \quad (E1)$$

Where PERF is a measure of the performance of SMEs, TFLS is measure of transformational leadership style, TALS is a measure of transactional leadership style, PALS is a measure of passive-avoidant leadership style, FA is a measure of firm age, FO is a measure of firm ownership and FI is a measure of firm industry.

##### 2- Impact of leadership styles on strategic planning practice.

The second empirical model illustrates the second regression equation to test the impact of leadership styles on strategic planning practices in Egyptian SMEs. Regression equation includes transformational, transactional and passive-avoidant leadership styles as the independent variables, while strategic planning is the dependent variable.

The control variables used in testing this model are firm age, firm ownership and firm industry.

The proposed regression model is defined by the following equation:

$$\text{SPP} = \alpha_0 + \alpha_1 \text{TFLS} + \alpha_2 \text{TALS} + \alpha_3 \text{TALS} + \alpha_4 \text{FA} + \alpha_5 \text{FO} + \alpha_6 \text{FI} + \mu \quad (\text{E2})$$

Where, SPP is a measure of strategic planning practices; TFLS is a measure of transformational leadership style; TALS is a measure of transactional leadership style; PALS is a measure of passive-avoidant leadership style; FA is a measure of firm age; FO is a measure of firm ownership; and FI is a measure of firm industry.

### **3- The impact of strategic planning practice on organisational performance.**

The third empirical model illustrates the third regression equation to test the impact of strategic planning practices on organisational performance. Regression equation includes the following four attributes related to strategic planning practice, namely strategic planning techniques, involvement of key personnel, internal orientation and external orientation as the independent variables, while organisational performance is the dependent variable. Control variables used to test the third model are firm age, firm ownership and firm industry.

The proposed regression model is defined by the following equation:

$$\text{PERF} = \alpha_0 + \alpha_1 \text{SPT} + \alpha_2 \text{IKP} + \alpha_3 \text{IO} + \alpha_4 \text{EO} + \alpha_5 \text{FA} + \alpha_6 \text{FO} + \alpha_7 \text{FI} + \mu \quad (\text{E3})$$

Where PERF is a measure of the performance of SMEs, SPT is a measure of strategic planning techniques, IKP is a measure of involvement of key personnel, IO is a measure of internal orientation aspect, EO is a measure of external orientation aspects, FA is a

measure of firm age, FO is a measure of firm ownership and FI is a measure of firm industry.

#### **4- The mediation influence of strategic planning on the leadership-Performance relationship .**

The Fourth empirical model examines whether strategic planning practices could mediate the impact of leadership styles (transformational, transactional and passive-avoidant) on the performance of SMEs operating within the Egyptian context. Four-step multiple regression analysis was employed to test the mediation impact of strategic planning on leadership-performance relationship (Baron and Kenny, 1986).

The proposed regression model is defined by the following equations:

##### **Mediation test:**

$$\text{PERF} = \alpha_0 + \alpha_1 \text{TFLS} + \alpha_2 \text{TALS} + \alpha_3 \text{PALS} + \alpha_4 \text{FA} + \alpha_5 \text{FO} + \alpha_6 \text{FI} + \mu \quad (\text{E4a})$$

$$\text{SPP} = \alpha_0 + \alpha_1 \text{TFLS} + \alpha_2 \text{TALS} + \alpha_3 \text{TALS} + \alpha_4 \text{FA} + \alpha_5 \text{FO} + \alpha_6 \text{FI} + \mu \quad (\text{E4b})$$

$$\text{PERF} = \alpha_0 + \alpha_1 \text{TFLS} + \alpha_2 \text{TALS} + \alpha_3 \text{PALS} + \alpha_4 \text{SPP} + \alpha_5 \text{FA} + \alpha_6 \text{FO} + \alpha_7 \text{FI} + \mu \quad (\text{E4c})$$

Where PERF is a measure of the performance of SMEs (dependent variable), TFLS is a measure of transformational leadership style (independent variable), TALS is a measure of transactional leadership style (independent variable), PALS is a measure of passive-avoidant leadership style (independent variable), and SPP is a measure of strategic planning practice (mediator variable). Finally, three control variables have been used to test the mediation, namely FA, which is a measure of firm age, FO, which is a measure of firm ownership and FI, which is a measure of firm industry.

## **5- The moderation effect of organisational culture on leadership-performance relationship.**

The fifth empirical model illustrates the formulated regression equations to test the impact of leadership styles on organisational performance through the moderations effect of organisational culture dimensions. The Regression equation includes leadership styles as the independent variable, organisational culture dimensions as the moderator variable, and organisational performance as the dependent variable. The control variables used in testing this model are firm age, firm ownership and firm industry.

The proposed regression model is defined by the following equations:

### **Moderation test:**

$$PERF = \alpha_0 + \alpha_1 TFLS + \alpha_2 TALS + \alpha_3 PALS + \alpha_4 FA + \alpha_5 FO + \alpha_6 FI + \mu \quad (E5a)$$

$$PPERF = \alpha_0 + \alpha_1 TFLS + \alpha_2 TALS + \alpha_3 PALS + \alpha_4 OC + \alpha_5 FA + \alpha_6 FO + \alpha_7 FI + \mu \quad (E5b)$$

$$PERF = \alpha_0 + \alpha_1 TFLS + \alpha_2 TALS + \alpha_3 PALS + \alpha_4 LS * OC + \alpha_5 FA + \alpha_6 FO + \alpha_7 FI + \mu \quad (E5c)$$

Where PERF is a measure of the performance of SMEs, TFLS is a measure of transformational leadership style, TALS is a measure of transactional leadership style, PALS is a measure of passive-avoidant leadership style. As for moderator variables, OC for organisational culture dimensions, CC is a measure of clan culture, AC is a measure of adhocracy culture, MC is a measure of market culture, and HC is a measure of hierarchy culture. As per control variables, FA is a measure of firm age, FO is a measure of firm ownership, and FI is a measure of firm industry.

#### **4.17 Conclusion**

In this chapter, the research methodology, including the perspective, approach, and method adopted for this study were developed and the stages of the research process were extensively explained. Many researchers in the organisational studies domain have applied a positivist approach. Therefore, the positivist perspective on organisational studies is justified with a critical overview of other methods. Therefore, based on the nature of this study, a quantitative paradigm with a survey strategy for collecting data was selected as an appropriate method for this study. Therefore, the measurement scales for each of the constructs were developed based on previous scales existing in the literature. Following the justification for selecting survey as the research approach for this study, detailed information was given and the steps for the various aspects of the survey approach were explained. The target population for this study is the management of SMEs operating in Egypt. Although the researcher faced great difficulties with organisations that were willing to participate, the size of the sample has been carefully selected by the researcher by keeping in mind the population-to-sample rules and data analysis technique-to-sample rules. The data collection method used for this study is a postal survey using self-administered questionnaire. Postal survey was chosen after a cost-benefit analysis. Before moving to the pilot study phase, a pre-pilot test using two cognitive interviews was conducted to test the structure, wording, and clarity. Then a pilot study was conducted to test the reliability and validity of the questionnaire. Furthermore, in this chapter, practical considerations such as sampling justification, measurement scale, and data analysis procedures were extensively discussed. In total, 1000 questionnaires were sent, in which 309 were returned on time to the researcher. Where out of the 309, only 283 valid questionnaires were used for

data analysis. A convenience sampling technique followed by snowball was employed to collect data from target respondents. There was a possibility that if the researcher had personally visited each organisation, there would have been a larger number of questionnaires collected. But due to the short period of time and the distance of these cities to the researcher's home town, it was impossible for the researcher to travel and visit every organisation. The following chapter will serve to present data preparation and screening for the proposed questionnaire in order to ensure its suitability for multivariate analysis.

## **Chapter 5 : Data Preparation and Screening**

### **5.1 Introduction**

In this chapter, the researcher will present data cleaning and screening towards preparing collected data to ensure its suitability for multivariate statistical analysis. The chapter will start with descriptive statistics related to demographics of the target respondents that participated in the current study. Then data cleaning, screening and preparation will start by checking missing data followed by descriptive statistics of the answers to the questionnaire using mean the minimum and maximum answers followed by standard deviation and mean standard Errors. Then normality of the sample distribution will be checked by conducting the Z score test. The outliers of data set will be assessed. Finally, the research will test regression assumptions to ensure suitability of collected data for multivariate analysis.

### **5.2 Description of the Sample Respondents**

As already described in chapter 4, convenience sampling techniques were adopted to collect data from managers of SMEs operating within the Egyptian context, where Respondents came from a variety of business and organisational levels, geographic locations, backgrounds, and ages. In fact, the data was only collected from different management levels operating at SMEs as they frequently interact with organisational members of various departments and other levels of role. In addition, they have good knowledge of organisational culture, the practice of strategic planning and organisational performance. Therefore, this section is dedicated to describing the demographics of the data gathered from 283 valid questionnaires received out of the 309 managers operating within Egyptian SMEs that were recruited.

**Table 5.1 Data Analysis Techniques for Demographics of the Sample**

Analysis for	Reason	Technique	Tool	Reference	Value
Demographics	Background information	Frequency Table and Cross tabulation	SPSS	NA	NA

NA: Not Applicable

Demographic frequencies distributions related to the SMEs operating in Egypt; the first section deals with demographics related to the profile of the managers.

**Table 5.2 Age**

AGE					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	16-24	35	12.4	12.4	12.4
	25-34	177	62.5	62.5	74.9
	35-44	46	16.3	16.3	91.2
	45-54	18	6.4	6.4	97.5
	55-64	7	2.5	2.5	100.0
	Total	283	100.0	100.0	

Source: Researcher

From the table above, we can conclude that 62.5 % of the managers have ages ranging from 25-34. Around 16 % of the main target respondents are aged between 35 and 44. Only 7 respondents are aged between 55-64 years old. The managers' profile indicates that most of the managers in this study were relatively young.



**Table 5.3 Gender**

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	female	63	22.3	22.3	22.3
	male	220	77.7	77.7	100.0
	Total	283	100.0	100.0	

*Source:* Researcher

The gender table above shows that majority (77.7%) of managers operating in SMEs are males, compared to females who represent just 22.3% of the sample respondents.

**Table 5.4 Education**

Education					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	college degree	60	21.2	21.2	21.2
	university degree	176	62.2	62.2	83.4
	Master's degree	46	16.3	16.3	99.6
	PhD degree	1	.4	.4	100.0
	Total	283	100.0	100.0	

*Source:* Researcher

The education table above shows that majority (62.2%) of the respondents have a university degree as their highest level of education, while 21.2 % of the respondents have a college degree followed by 16.3% who have a master's degree.

The following table (5.5) presents the position held by managers participating in the current study. Where 55.1% of the respondents are middle managers and 28.3 % are junior managers. The remaining are either senior managers or chief executive officers.

**Table 5.5 Position**

Position					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	CEO	17	6.0	6.0	6.0
	Senior Manager	30	10.6	10.6	16.6
	Middle Manager	156	55.1	55.1	71.7
	Junior Manager	80	28.3	28.3	100.0
	Total	283	100.0	100.0	

*Source:* Researcher

The last table of the managers' profiles presents the overall experience of managers participating in the current study:

**Table 5.6 Experience**

Experience					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 year	20	7.1	7.1	7.1
	1-5 years	69	24.4	24.4	31.4
	6-10 years	150	53.0	53.0	84.5
	11-15 years	24	8.5	8.5	92.9
	More than 15 years	20	7.1	7.1	100.0
	Total	283	100.0	100.0	

*Source:* Researcher

Majority of the respondents have experience ranging from 6-10 years (53%). While only 7.1% of the respondents have experience of less than 1 year, which indicates that more than 60% of the managers that participated in the study have more than 5 years'

experience which suggests they have awareness about both strategic planning practice and organisational culture.

The following table (5.7) presents the demographic questions that describe the profile of SMEs in terms of business lifetime, business sector, type of ownership (private or public) along with the planning horizon within SMEs.

**Table 5.7 Descriptive Statistics of the Demographic Characteristics of the Sample**

<b>Demographic Items</b>	<b>Criteria</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Industry/Business Sector</b>	<b>Service</b>	56	19.8%
	<b>Trade</b>	40	14.1%
	<b>Construction</b>	114	40.3%
	<b>Manufacturing</b>	19	6.7 %
	<b>Tourism</b>	6	2.1 %
	<b>Other sectors</b>	48	17%
<b>Ownership Type</b>	<b>Public SMEs</b>	36	12.7 %
	<b>Private SMEs</b>	247	87.3%
<b>Firm Age (Business Lifetime)</b>	<b>Less than 1 year</b>	14	4.9%
	<b>1-5 years</b>	56	19.8%
	<b>6-10 years</b>	144	50.9%
	<b>11-15 years</b>	35	12.4%
	<b>More than 15 years</b>	34	12.0%
<b>Planning Horizon</b>	<b>Less than 1 year</b>	25	8.8%
	<b>1-5 years</b>	49	17.3%
	<b>6-10 years</b>	141	49.8%
	<b>11-15 years</b>	30	10.6%
	<b>More than 15 years</b>	38	13.4%

*Source:* Researcher

### 5.3 Data Preparation

According to Hair et al. (2010; 2014), data screening and filtering are considered as essential steps to prepare data for multiple regression analysis. Data screening involves different fundamental investigations that require the exploratory data analysis of missing data, influential outliers, and distributional characteristics. The following table (5.8) presents analysis techniques and steps used for cleaning and screening data collected.

**Table 5.8 Data Analysis Techniques Used for Data Screening and Preparation**

No.	Analysis For	Reason	Technique	Tool	Reference	Value
1	Missing data	To identify and detect missing data in the row and columns.	Research by comparing the original questionnaire and data entry.	SPSS	Hair et al., 2010.	Exclude cases with missing value in the dependent variable.
2	SD and MSE	To identify the variation in the data used.	Calculating SD and MSE.	SPSS	Field, 2005.	Smaller value
3	Outliers	To identify cases of an extreme value on a single variable using univariate method.	Standard Score (z-score)	SPSS	Hair et al., 2014.	Value > 3.29

*Source:* Researcher

#### 5.3.1 Missing Data

Missing data is one of the most pervasive problems in data analysis since the incomplete questionnaires could bias the results. Missing data could also distort the practical sample size available for analysis (Hair et al., 2010; Kline, 2005). Therefore, statistical tests based on sample size, such as significant level, could be distorted. Hair et al. (2010)

suggested that cases with missing values on dependent variables be automatically excluded and cases with missing values on variables other than dependent variables be excluded on optional basis. Data screening and cleaning for the current study was conducted by checking raw data before proceeding to the analysis in order to check the accuracy of data entry and data coding for each construct under investigation. Tabachnick and Fidell (2007) suggested that missing data should not exceed 5% of the total data collected. In fact, checking missing data on the collected questionnaire from managers of SMEs, we found that 26 cases were removed due to missing data in the in the dependent variables. Whereas, only 3 cases were found to have a missing value in the independent variable. The decision regarding the missing value in the independent was to retain questionnaire and replacing missing value by the mean value. This process was done using SPSS V.24 (Hair et al., 2010; 2011; 2014). Correspondingly, the composition of the final sample retained for analysis was 283 respondents out of 309 originally completed and returned questionnaires.

### **5.3.2 Standard Deviations and Standard Errors of Mean**

After checking missing data and coding items of the designed questionnaire on SPSS, the research conducted descriptive statistics of the variables under investigation using standard deviation and standard mean errors. This process was conducted to identify the variation in the data. According to Field (2005), a large standard deviation indicates that the scores cluster more widely around the mean, thus the mean is not a good representation of the data. A small standard deviation, on the other hand, indicates less dispersed data points about the mean, thus adequately represents the data. Whilst SE values represent the variability of the sample mean, a large SE means that there is a lot of variation between the means of the different samples, which suggests that the sample is a poor representative of the population. In contrast, a small SE represents a situation

where most sample means are similar to the population mean; therefore, the sample is an accurate reflection of the population.

**Table 5.9 Standard deviation (SD) and Mean Standard Error (MSE)**

Descriptive Statistics				
	Minimum	Maximum	Mean	Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
Organisational Performance	1.00	5.00	.04666	.78500
Transformational Leadership	0.00	4.00	.04263	.71718
Transactional Leadership	0.00	4.00	.04238	.71290
Passive Avoidant Leadership	0.00	4.00	.05530	.93029
Internal Orientation	1.00	5.00	.04543	.76429
External Orientation	1.00	5.00	.04941	.83126
Strategic Techniques	1.00	5.00	.04585	.77125
Involvement of Key Personnel	1.00	5.00	.05213	.87700
Clan Culture	1.00	5.00	.05101	.85818
Adhocracy Culture	1.00	5.00	.04680	.78723
Market Culture	1.00	5.00	.04257	.71609
Hierarchy Culture	1.00	5.00	.04579	.77037
Valid N (listwise)	283	283	283	283

*Source:* Researcher

Table 5.9 indicates that values of SD and MSE of all constructs under investigation were relatively small when compared to the means. Therefore, it can be reasonably concluded that the mean value can be used as a representative score for each construct in the data set. Small values of the SE suggest that the sample used is sufficiently representative of the population (Field, 2005).

### **5.3.3 Outliers Screening**

In statistics, outliers are cases with scores that are substantially different from the rest (Hair, et al., 2014). For this reason, it is very important to screen the data to detect outliers, as they can potentially bias the mean and inflate the standard deviation (Field and Hole, 2003). According to Kline (2005), cases with scores of more than three standard deviations beyond the mean may be considered as outliers.

To check outliers, the researchers used univariate method for detecting outliers by converting all the answers of the 86 items of the questionnaire into standardised z-scores. According to Tabachnick and Fidell (2007), cases with an absolute value of z-scores ( $|z|$ ) in excess of 3.29 at  $p < 0.01$  were considered potential outliers. In addition, the number of such outliers should not be greater than approximately one percent in each individual construct. In the current study, after checking outliers for each individual construct, results show that there is no variable containing cases with absolute z-scores greater than  $\pm 3.29$  (See Appendix C).

### **5.4 Reliability and Validity of the Measurement Scales**

According to Hair et al. (2011), it is crucial for research to conduct reliability and validity analysis before conducting multivariate analysis for testing research hypothesis using regression analysis. Table 5.10 presents steps used for assessing measurement scale of the questionnaire utilised in the current study.

**Table 5.10 Data Analysis Techniques Used in Assessing Measurement Scale of the Questionnaire**

No.	Type of Analysis	Reasons	Technique	Tool	Reference	Value
1	Reliability Analysis	Measures are free from error.	Cronbach's $\alpha$ Item-to-total correlation.	SPSS	Hair et al., 2014.	$\alpha > 0.6$ Value $> 0.3$
2	Inter-Item Correlated		Item-to-total correlation.		Pallant 2007 and Hair et al., 2014.	Value $> 0.3$
3	Exploratory Factor Analysis (EFA)	Scale supported by data.	Kaiser-Mayer-Olkin (KMO) Bartlett's test of Sphericity	SPSS	Kaiser, 1974 Bartlett, 1954. Hair et al., 2010; 2014.	Value $> 0.5$ Value $< 0.05$

Source: Researcher

#### 5.4.1 Reliability of the Measurement Scale

According to Peterson (1994), there is consensus agreement between scholars in social science on the use of reliability testing to make sure constructs under investigation are suitable for multivariate analysis. Bryman and Cramer (2005) defined reliability as the degree to which an instrument measures the same way each time it is used under the same conditions with the same subject. In the same fashion, Malhotra et al., (2012) defined reliability as a tool used to make sure that measurement scale produces consistent results if repeated measurements are made. Bagozzi (1994, p. 17) defined reliability as *"the amount of agreement between independent attempts to measure the same theoretical concept"*. Assessing reliability of the questionnaire used for data collection was done using internal consistency and item-total correlation.



#### 5.4.1.1 Internal Consistency

In the current study, a reliability test was conducted using internal consistency and item-total correlation assessment of all constructs under investigation, namely: leadership styles, strategic planning, organisational culture and organisational performance to make sure that such a set of measurement scaled consistently and accurately captured the meaning of the constructs under investigation. Internal consistency refers to the degree to which responses are consistent across the items (variables) within a single measurement scale (Kline, 2005). According to Cortina (1993), Cronbach's Alpha remains the most widely used measure of scale reliability. Accordingly, Cronbach's Alpha above 0.70 is considered an acceptable indicator of internal consistency, and the values of 0.60 to 0.70 are at the lower limit of acceptability as suggested in the literature (Bryman and Cramer, 2005; Hair, et al., 2006; Pallant, 2007; Santos, 1999).

**Table 5.11 The Results of Internal Consistency (Reliability) for Measurement Scale**

Variable / Construct	No. of Items	Cronbach's Alpha
<b>Overall Questionnaire</b>	<b>86</b>	<b>0.955</b>
<b>Leadership Styles</b>	<b>36</b>	<b>0.921</b>
Transformational Leadership	20	0.947
Transactional Leadership	8	0.866
Passive Avoidant Leadership	8	0.926
<b>Organisational Culture</b>	<b>24</b>	<b>0.924</b>
Clan Culture	6	0.887
Adhocracy Culture	6	0.857
Market Culture	6	0.844
Hierarchy Culture	6	0.875

Variable / Construct	No. of Items	Cronbach's Alpha
<b>Strategic Planning</b>	<b>21</b>	<b>0.950</b>
Internal Orientation	4	0.837
External Orientation	3	0.820
Strategic Planning Technique	10	0.927
Involvement of Key Personnel	4	0.901
<b>Organisational Performance</b>	<b>5</b>	<b>.877</b>

*Source:* Researcher

From the above analysis of the internal consistency of the scale used in the study, we can conclude that all constructs under investigation have highly acceptable Cronbach Alpha.

#### **5.4.1.2 Item-Total Correlation**

On the other hand, item-total correlation or corrected item-total correlation has been used extensively in management and psychology literature for the development of uni-dimensional scales. The item-total correlation refers to the correlation of a variable with the composite score of all variables forming the measure of constructs. According to Pallant (2007), a value of the item-total correlation of less than 0.30 indicates that the variable is measuring something different from the constructs (Hair et al., 2014). Below are the results for item reliability and inter-correlation for each construct under investigation:

**Table 5.12 Testing Reliability for Transformation Leadership Style**

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
TFLS1	50.95	186.575	.664	.944
TFLS2	50.89	183.960	.700	.944
TFLS3	50.69	184.198	.704	.944
TFLS4	50.62	186.297	.668	.944
TFLS5	50.65	191.807	.471	.947
TFLS6	50.56	189.572	.627	.945
TFLS7	50.58	186.189	.657	.944
TFLS8	50.62	184.930	.713	.944
TFLS9	50.59	185.800	.717	.943
TFLS10	50.49	185.950	.710	.944
TFLS11	50.74	185.102	.712	.944
TFLS12	50.57	186.237	.714	.944
TFLS13	50.81	185.443	.703	.944
TFLS14	50.69	185.938	.687	.944
TFLS15	50.59	185.601	.657	.944
TFLS16	50.78	185.800	.675	.944
TFLS17	50.99	186.391	.651	.944
TFLS18	51.04	188.290	.572	.946
TFLS19	50.79	187.408	.621	.945
TFLS20	50.77	182.454	.733	.943

*Source:* Researcher

Table 5.12 presented the Item-total correlation for transformational leadership styles. From the above results, we can conclude that all 20 items used to measure transformational leadership are above 0.3 threshold for corrected-item for total correlation (Hair et al., 2014). Thus, all items will be retained for further analysis.

The following table (5.13) presents the reliability analysis of the transactional leadership styles using Item-Total correlation analysis. Where results reveal that all 8 items used to measure transactional leadership are above 0.3 threshold for corrected-

item for total correlation (Hair et al. 2014). Thus, all items will be retained for further analysis.

**Table 5.13 Testing Reliability for Transactional leadership style**

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
TALS21	18.77	24.867	.617	.849
TALS22	18.65	25.518	.624	.848
TALS23	18.57	24.841	.680	.842
TALS24	18.54	24.891	.622	.849
TALS25	18.42	25.525	.642	.847
TALS26	18.76	26.446	.529	.858
TALS27	18.71	25.501	.603	.851
TALS28	18.87	25.462	.613	.850

*Source:* Researcher

Table 5.14 represents the item-total correlation for passive avoidant leadership construct.

**Table 5.14 Testing Reliability for Passive avoidant leadership style**

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
PALS29	11.51	43.769	.677	.921
PALS30	11.63	42.879	.754	.915
PALS31	11.77	43.275	.739	.917
PALS32	11.67	42.285	.796	.912
PALS33	11.79	42.829	.772	.914
PALS34	11.92	42.798	.753	.916
PALS35	11.88	42.900	.739	.917
PALS36	11.68	42.119	.749	.916

*Source:* Researcher

The results from table (5.14) indicate that reliability analysis of passive avoidant leadership style using Item-Total correlation analysis. Where results reveal that all 8 items used to measure passive avoidant leadership are above 0.3 threshold for

corrected-item for total correlation (Hair et al., 2014). Thus, all items will be retained for further analysis.

The following table (5.15) presents the reliability analysis of the organisational performance using Item-Total correlation analysis. Where results reveal that all 5 items used to measure organisational performance are above 0.3 threshold for corrected-item for total correlation (Hair et al., 2014). Thus, all items will be retained for further analysis.

**Table 5.15 Testing Reliability for Organisational Performance**

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
OP1	14.44	11.600	.505	.894
OP2	14.53	9.880	.764	.837
OP3	14.53	9.852	.800	.829
OP4	14.55	9.638	.841	.819
OP5	14.64	9.841	.655	.867

*Source:* Researcher

The following table presents the reliability analysis of the strategic planning using Item-Total correlation analysis. Where results reveal that all 21 items used to measure strategic planning are above 0.3 threshold for corrected-item for total correlation (Hair et al., 2014). Thus, all items will be retained for further analysis.

**Table 5.16 Testing Reliability for Strategic Planning**

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
ISP1	72.55	200.940	.469	.950
ISP2	72.75	195.881	.581	.949
ISP3	72.87	191.898	.679	.948
ISP4	72.78	193.212	.690	.948
ESP1	73.05	192.382	.671	.948
ESP2	72.77	194.969	.645	.948
ESP3	72.81	193.831	.637	.948
STU1	73.25	190.926	.706	.947
STU2	72.95	192.454	.708	.947
STU3	73.09	190.536	.768	.947
STU4	73.14	190.895	.730	.947
STU5	72.98	191.970	.725	.947
STU6	73.13	192.105	.660	.948
STU7	73.09	192.707	.681	.948
STU8	73.20	191.155	.732	.947
STU9	73.15	192.853	.670	.948
STU10	73.02	193.135	.665	.948
IKP1	73.16	191.686	.714	.947
IKP2	73.03	192.654	.674	.948
IKP3	73.11	193.234	.674	.948
IKP4	73.01	192.919	.625	.949

*Source:* Researcher

Finally, table 5.17 presents the Item-to-total correlations related to organisational culture.

**Table 5.17 Testing Reliability for Organisational Culture**

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Clan Culture 1	83.82	203.097	.303	.925
Clan Culture 2	83.57	195.146	.583	.920
Clan Culture 3	83.56	192.906	.640	.919
Clan Culture 4	83.41	194.043	.624	.919
Clan Culture 5	83.61	195.513	.592	.920
Clan Culture 6	83.50	193.915	.630	.919
Adhocracy Culture 1	83.93	197.057	.536	.921
Adhocracy Culture 2	83.75	194.112	.631	.919
Adhocracy Culture 3	83.95	198.100	.533	.921
Adhocracy Culture 4	83.72	194.385	.669	.919
Adhocracy Culture 5	83.64	193.318	.657	.919
Adhocracy Culture 6	83.62	194.173	.618	.919
Market Culture 1	83.46	198.382	.547	.921
Market Culture 2	83.75	205.167	.279	.925
Market Culture 3	83.62	198.945	.498	.922
Market Culture 4	83.37	198.702	.575	.920
Market Culture 5	83.46	196.813	.597	.920
Market Culture 6	83.46	197.924	.522	.921
Hierarchy Culture 1	83.44	199.175	.504	.921
Hierarchy Culture 2	83.50	195.669	.634	.919
Hierarchy Culture 3	83.60	196.777	.544	.921
Hierarchy Culture 4	83.47	198.665	.505	.921
Hierarchy Culture 5	83.45	196.629	.609	.920
Hierarchy Culture 6	83.53	198.349	.523	.921

*Source:* Researcher

From the above table, we can conclude that only 1 item from market culture has corrected item value below 0.3 threshold for corrected-item for total correlation (Hair et al., 2014). Thus, only 23 items from organisational culture will be retained for further analysis.

### **5.4.2 Assessing Validity**

Thompson (2004) in his study suggested that reliability assessment of the measurement scale using internal consistency and inter-item correlation are necessary for study using self-administered questionnaire but not sufficient. Assessing the validity of the measurement scales is also required. It is essential to ensure validity of constructs under investigation before pursuing multivariate analysis for testing research hypotheses. Validity deals with issues of measuring accuracy of scale items. According to Burns and Bush (2002), validity is essential for validating both conceptual and operational definitions related to each construct under investigation. In fact, the researcher conducted validity of measurement scale to confirm whether the collected data is appropriate (fit) for testing empirical models. All questions used to measure variables under investigation in this study were adapted from already well-established valid questionnaires, namely: MLQ-5X for leadership styles developed by Bass and Avolio (2004), multi-dimensional questionnaire for measuring strategic planning practice, which was developed by Karger and Parnell (1996) and adapted by Griggs (2002), the competing value framework (CVF) (Cameron and Quinn, 2011), and organisational performance. The current study tested the validity of the constructs under investigation by testing content validity and construct validity (Sekaran and Boogie, 2013).

#### **5.4.2.1 Content Validity**

According to Cooper and Schindler (2001), content validity refers to the accuracy of the measurement scale to express the area of measurements. In other words, content validity reflects the subjective professional agreement. To test content validity of the measurement scale, the researcher followed these steps:



- 1- Revising existing literature review in leadership, strategic planning, organisational culture and performance to revise items selected for each construct under investigation.
- 2- During the pre-pilot test, a cognitive interview with professional panels leading SME sectors in Egypt was carried out to make a valuable judgement of the items used in each scale.
- 3- In addition, a panel of academic professors in UK and Egypt who were already familiar with the topic have been asked to evaluate the measurement items and to decide on whether questions asked are logically valid or not.
- 4- Finally, the questionnaire has been reviewed by MBA students from the University of West London and Arab academy in Egypt to check content validity.

In fact, after checking the content validity of the measurement scales, minor changes have been changed to the final questionnaire before conducting the pilot study.

#### **5.4.2.2 Construct Validity**

According to Hair et al., (2010; 2014) construct validity refers to the extent to which items forming constructs are free of non-random or systematic error. Construct validity is the external validity of the instruments/items used to measure specific scale. Garver and Mentzer, (1999, p. 34) defined construct validity as the degree to which a set of items measure what they intend to measure. According to Hair (2011), construct validity can be measured and tested through convergent validity, discriminant validity and nomological validity (Campbell et al., 1959). The current study has examined both convergent and discriminant validity of the measurement scale.

#### **5.4.2.3 Convergent Validity**

To examine and test convergent validity of constructs and sub-variables under investigation, the researcher computed the average variance extracted (AVE) for each

individual construct. According to Fornell and Larker (2005), the average variance explained (AVE) for examining convergent validity for each construct should exceed the threshold (0.5). The table below presents the AVE for constructs under investigation:

**Table 5.18 Testing convergent validity**

Variable/Construct	SQR (AVE)	AVE
<b>Strategic planning</b>		
External orientation	0.857	0.734
Internal orientation	0.822	0.677
Strategic planning techniques	0.768	0.590
Involvement of key personal	0.872	0.762
<b>Organisational performance</b>	.8154	0.665
<b>Leadership styles</b>		
<b>Transformational leadership style</b>		
IIB	0.840	0.707
IIA	0.801	0.643
IM	0.847	0.718
IS	0.827	0.684
IC	0.802	0.644
<b>Transactional leadership style</b>		
CR	0.814	0.663
AME	0.782	0.613
<b>Passive-Avoidant leadership style</b>		
PME	0.848	0.720
LS	0.865	0.749
<b>Organisational culture</b>		
CC	0.794	0.632
AC	0.720	0.519
MC	0.791	0.627
HC	0.760	0.579

*Source:* Researcher

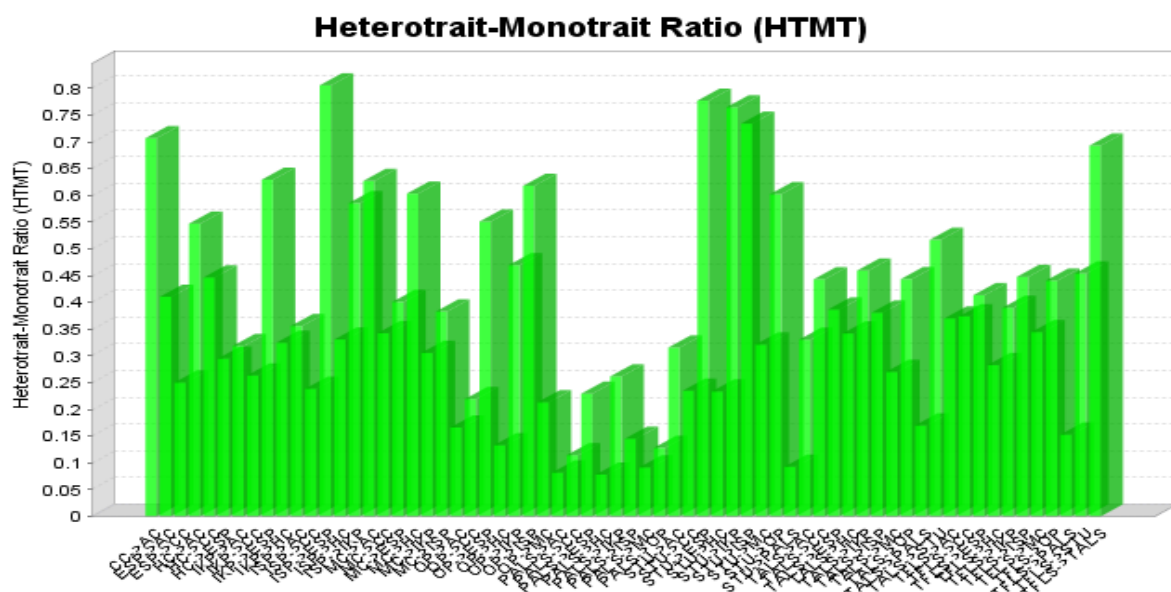
Table 5.18 showed the results of average variance extracted, from the above results, we can conclude that all constructs under investigation have average variance extracted (AVE) above 0.5. Thus, convergent validity has been successfully examined.

#### 5.4.2.4 Discriminant Validity

The current study examined the discriminant validity of the research constructs by comparing the square root of AVE of each construct with the correlation between constructs. From the table above (5.18), results show that correlations between constructs value are lower than the square root of AVE, thus we can confirm that all scales adopted in this study process strong discriminant validity. In other words, it is evident that respondents can discriminate between all constructs under investigation.

On the other side, Henseler et al. (2015) suggested a different method of assessing discriminant validity using heterotrait-monotrait ratio of correlations (HTMT) which provides more reliable results. Figure 5.1 shows the results of discriminant validity of the current study using HTMT.

**Figure 5.1 Heterotrait-Monotrait Ratio of Correlations (HTMT) in assessing the discriminant validity**



Results from Figure 5.1 shows that HTMT ratios for all the study's constructs are below 0.85 which indicate that all the scales used in the current study possess a strong discriminant validity (Brown, 2015).

### 5.5 Exploratory Factor Analysis (EFA)

Exploratory factors analysis (EFA) using principal component analysis is used in the current study to reduce the complexity of study using more than one factor. According to Tabachnick and Fidell (2007), principal component analysis is a method that is used to identify the factor with the smallest unique error when compared to the total variance. Principal component extraction is a widely used tool that extracts the maximum variance from gathered data.

**Table 5.19 Data Analysis Techniques for Exploratory Factor Analysis**

	Analysis for	Reason	Technique	Tool	Reference	Value
1	KMO	EFA	Factor analysis	SPSS	Hinton <i>et al.</i> , 2004	>0.5
2	Bartlett's test	EFA	Factor analysis	SPSS	Hinton <i>et al.</i> , 2004	< 0.05

*Source:* Researcher

Table 5.19 shows the analysis procedure for testing exploratory factor analysis of all variables under investigation. In fact, exploratory factor analysis will start by discussing communities for questionnaire items, followed by testing KMO and conducting Bartlett's test.

### 5.5.1 Kaiser–Meyer–Olkin Measure of Sampling Adequacy (KMO) and Bartlett's Test

According to Hinton et al. (2004), there are 2 tests used for exploratory factor analysis: Kaiser-Meyer-Olkin (KMO) and Bartlett's Test of Sphericity. The current study conducted both tests, where KMO method can be used for single variables or more than one variable to identify the ratio of squared correlation between factors in considering squared partial correlation among factors. In the current study, we tested KMO for all variables under investigation.

**Table 5.18 Kaiser–Meyer–Olkin (KMO) and Bartlett's Test**

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.872
Bartlett's Test of Sphericity	Approx. Chi-Square	19563.201
	df	3655
	Sig.	.000

*Source:* Researcher

According to Hinton et al. (2004), KMO test ranges from 0 to 1 were based on a rule of thumb, it was decided that a result of 0.5 was not acceptable, 0.6 was acceptable and values that are closer to 1 are excellent. According to the above Table 5.20 indicates that the value of KMO for sampling adequacy is 0.872 indicating that the sample size is adequate to perform factor analysis. The large KMO value confirms the possibility of identifying factors in the data set as suggested in the conceptual model. On the other hand, the current study tested the multivariate normality of the distribution using Bartlett's test. Where result shows that the value of P is 0.00 ( $P < 0.05$ ) which confirms the significant relationships that exist between research variables (Hinton et al., 2004).

## **5.6 Confirmatory Factor Analysis (CFA)**

To confirm whether the proposed measurements scales used in the questionnaire are appropriate for this study, a confirmatory factor analysis (CFA) was conducted. According to Thompson's study (2004) CFA involves using a particular data set to confirm what is theoretically believed (Hair, et al., 2006). CFA technique has been widely used for testing the psychometric properties of measurement instruments because it tests a pre-specified factor structure and the goodness of fit for the resulting solution (Anderson and Gerbing, 1988). Byrne (2001; 2010) noted that a confirmatory factor analysis of a measurement is highly appropriate when it is applied to a measure what has been fully developed and has had its factor structures validated. Similarly, Thompson (2004) postulated that the CFA is more useful than EFA in the presence of theory because the theory is directly tested by the analysis. In this study, since there has been a significant number of research evidence into the underlying structure of transformational and transactional leadership behaviours, organisational culture dimensions, and knowledge management practices, as previously discussed in the literature, confirmatory factor analysis was chosen over exploratory factor analysis. According to Hair et al. (2014) the threshold for confirmatory factor analysis is 0.4.

Hair et al. (2014) suggested the use of Confirmatory Factor Analysis (CFA) together with Exploratory Factor Analysis (EFA) to confirm the expected factor structure and to assess the representativeness of each item in the scales.

**Table 5.19 Confirmatory Factor Analysis (CFA) of the Validation Sample**

Organisational Culture											
AC	Factor Loading	P Value	CC	Factor Loading	P Value	HC	Factor Loading	P Value	MC	Factor Loading	P Value
AC1	0.650	0.003***	CC2	0.749	0.000***	HC1	0.691	0.001***	MC1	0.600	0.001***
AC2	0.688	0.002***	CC3	0.761	0.000***	HC2	0.864	0.000***	MC2	0.210	0.412
AC3	0.677	0.001***	CC4	0.807	0.000***	HC3	0.884	0.001***	MC3	0.815	0.000***
AC4	0.669	0.001***	CC5	0.786	0.000***	HC4	0.758	0.000***	MC4	0.697	0.000***
AC5	0.884	0.005***	CC6	0.810	0.000***	HC5	0.800	0.000***	MC5	0.808	0.000***
AC6	0.803	0.003***	CC1	0.769	0.000***	HC6	0.649	0.003***	MC6	0.881	0.001***
Strategic planning											
ESP	F. Loading	P Value	IKP	Factor Loading	P Value	SPT	Factor Loading	P Value	SPT	Factor Loading	P Value
ESP1	0.861	0.000***	IKP1	0.816	0.000	ST1	0.762	0.000	ST5	0.766	0.000
ESP2	0.875	0.000***	IKP2	0.895	0.000***	ST10	0.737	0.000***	ST6	0.733	0.000***
ESP3	0.839	0.000***	IKP3	0.889	0.000***	ST2	0.745	0.000***	ST7	0.750	0.000***
			IKP4	0.867	0.000***	ST3	0.814	0.000***	ST8	0.778	0.000***
ISP	Factor Loading	P Value	ISP	Factor Loading	P Value	ST4	0.773	0.000***	ST9	0.759	0.000***
ISP1	0.707	0.000***	ISP3	0.864	0.000***						
ISP2	0.847	0.000***	ISP4	0.843	0.000***						

Organisational Performance											
PERF	Factor Loading	P Value	PERF	Factor Loading	P Value	PERF	Factor Loading	P Value			
OP1	0.607	0.000***	OP3	0.892	0.000***	OP5	0.742	0.000***			
OP2	0.868	0.000***	OP4	0.908	0.000***						
Leadership styles											
PALS	Factor Loading	P Value	TALS	Factor Loading	P Value	TFLS	Factor Loading	P Value	TFLS	Factor Loading	P Value
PALS1	0.675	0.001***	TALS1	0.784	0.000***	TFLS1	0.673	0.000***	TFLS19	0.680	0.000***
PALS2	0.749	0.000***	TALS2	0.772	0.000***	TFLS10	0.750	0.000***	TFLS19	0.680	0.000***
PALS3	0.782	0.000***	TALS3	0.835	0.000***	TFLS11	0.763	0.000***	TFLS19	0.680	0.000***
PALS4	0.806	0.000***	TALS4	0.735	0.000***	TFLS12	0.763	0.000***	TFLS19	0.680	0.000***
PALS5	0.804	0.000***	TALS5	0.689	0.000***	TFLS13	0.747	0.000***	TFLS19	0.680	0.000***
PALS6	0.813	0.000	TALS6	0.593	0.000***	TFLS14	0.722	0.000***	TFLS19	0.680	0.000***
PALS7	0.840	0.000***	TALS7	0.640	0.000***	TFLS15	0.701	0.000***	TFLS17	0.669	0.000***
PALS8	0.897	0.002***	TALS8	0.604	0.000***	TFLS19	0.680	0.000***	TFLS18	0.617	0.000***
						TFLS16	0.719	0.000***	TFLS8	0.731	0.000***
						TFLS7	0.685	0.000***	TFLS9	0.753	0.000***
<b>Note:</b> Significant at the level * p<0.05; **p<0.01; ***p<0.001 P value; refers to the significant level											



Table 5.21 shows the results of confirmatory factor analysis (CFA) of the validated scales used to measure constructs under investigations. The factor loading for 24 items for organisational culture constructs have factor loading above 0.4 (Byrne, 2001; 2010) and significant P values for all items except second item of market culture that was not significant. All 21 items of the strategic planning constructs are above the threshold (0.4) with significant level of P less than 0.05. Also, the table shows that 5 items of organisational performance are within all acceptable levels of significance and above the cut-off of CFA. Finally, all 36 items forming the leadership styles constructs; transformational, transactional and passive avoidant reached the threshold (Hair et al, 2014). In addition, The CFA was performed with the aid of AMOS V.24 software. The values of Chi-Square  $\chi^2$ , Normed Fit Chi-Square ( $\chi^2 / df$ ), CFI, TLI, GFI and RMSEA fit indices were examined to establish the unidimensionality of the proposed constructs. To establish an acceptable fit, the following values should be achieved (Hair et al, 2014):

- Goodness-Of-Fit Index (GFI): value >0.95 good fit; 0.90 to 0.95 adequate fit.
- Tucker-Lewis Index (TLI): value >0.95 good fit; 0.90 to 0.95 adequate fit.
- Comparative Fit Index (CFI) value: close to 1 very good fit; value >0.95 good fit; 0.90 to 0.95 adequate fit.
- Chi-Square  $\chi^2$  : Non-significant  $\chi^2$  value at least p value > 0.05.
- Normed Fit Chi-Square ( $\chi^2 / df$ ) (df=degrees of freedom): values with good fit should be less than 2 (Ulman, 2001).
- Root Mean Square Error of Approximation (RMSEA) value: ideally less than 0.05; 0.05 to 0.08 are adequate fit.

The final model of the current study showed an adequate fit. Results shows that Chi-square  $\chi^2$  is 98.644 with P value of 0.225. the result for the Normed Fit Chi-Square ( $\chi^2 / df$ ) is 1.068, degree of freedom is 91. RMSEA equal to 0.042. Based on the above CFA analysis, we can conclude that the overall model showed adequate fit.

## 5.6 Testing Assumption for Multiple Regression Analysis

According to Field (2000), a researcher should test some assumptions before testing hypothesis using regressions analysis. The table below provides assumptions tested before conducting multivariate analysis.

**Table 5.20 Data Analysis Techniques for Testing Multiple Regression Assumptions**

No.	Analysis for	Reason	Technique	Tool	Reference	Value
1	Normality	To ensure that data is normally distributed.	Skewness and Kurtosis	SPSS	Hair et al., 2010	< _ 2.58
2	Linearity	Correlations between Variables.	Pearson's correlation.	SPSS	Hair et al., 2010.	Variables should be linear to each other.
3	Multi-collinearity	Independent variable should be weakly related (<0.80).	Pearson's correlation, VIF and Tolerance effect using linear regression.	SPSS	Tabachnick & Fidell, 2007; Myer, 1997.	P<0.8  VIF<10, Tolerance >0.1
4	Homoscedasticity	Assumption of normality that DV(s) display an equal variance across the number of IV(S).	Levene's test	SPSS	Hair et al., 2010; Pallant, 2007.	P>0.05
5	Common method Bias	Examine the possibility of common bias in the original data.	Harman's single factor.	SPSS	Hair et al., 2010.	<50%

Source: Researcher

### 5.6.1 Assessing Normality

After checking outliers and screening data, the researcher conducted a test of normality of the current data of the study. Where testing normality assumptions is considered as a crucial element in multivariate analysis. Normality of data refers to the shape and normal distribution of constructs under investigation (Hair, et al., 2010). In addition,

normality of the data distribution was tested to check whether available data met the assumption to use multivariate techniques to test the hypotheses. According to Tabachnick and Fidell (2007), normality of variables is assessed either by statistical or graphical methods. The current study tested normality using the shape of distribution using the Skewness and Kurtosis. Garson (2012) suggested that for a distribution to be considered normal, both skewness and kurtosis of the distribution should fall between -2.00 to +2.00 and -2.58 to +2.58 (Hair et al., 2010, p.82) when the sample is larger than 200 cases.

**Table 5.21 Assessing Normality**

	Minimum	Maximum	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
TFLS	0.00	4.00	-.971	.145	1.600	.289
TALS	0.00	4.00	-.631	.145	.853	.289
PALS	0.00	4.00	.294	.145	-.082	.289
IO	1.00	5.00	-1.088	.145	1.820	.289
EO	1.00	5.00	-.803	.145	1.211	.289
ST	1.00	5.00	-.719	.145	1.294	.289
IKP	1.00	5.00	-.781	.145	.989	.289
CC	1.00	5.00	-.899	.145	.616	.289
AC	1.00	5.00	-.502	.145	.554	.289
MC	1.00	5.00	-.662	.145	1.406	.289
HC	1.00	5.00	-.489	.145	.290	.289
OP	1.00	5.00	-.608	.145	1.105	.289
Valid N (listwise)	283	283	283	283	283	283

*Source:* Researcher

From the table above 5.23, we can conclude that test of normality using Skewness and Kurtosis indicates that the absolute values of skewness and kurtosis of all variables, ranging from -1.088 to 0.94 and from -0.082 to 1.600 respectively, fell within the

recommended ranges of -2.00 to +2.00. Therefore, indicate the normality of the data set collected from target respondents. Thus, normality assumption has not been violated.

### **5.6.2 Testing Linearity Assumption**

The second assumption before testing a hypothesis using multivariate analysis is testing linearity assumption. Where linearity refers to the correlation between constructs under investigation. Testing linearity will help a researcher have a better understanding of the level of relationship among variables by using a straight line (Hair et al., 2010). In addition, it allows the researcher to identify any departure that may impact the correlation between constructs. In the current study, the researcher tested linearity assumption using Pearson correlation. According to Field (2009) and Hair et al. (2010), linearity can be assessed by analysing the Pearson correlation or a scatter plot.

The table below (5.24) shows Pearson Correlation test used to determine linear relationships between independent variables with dependent (Organisational Performance) variables.

**Table 5.22 Testing Linearity Assumption Using Pearson's Correlation (Zero Order Correlation)**

Pearson's Correlations									
		TFLS	TALS	PALS	IO	EO	SPT	IKP	OP
<b>TFLS</b>	Pearson Correlation	<b>1</b>							
	Sig. (2-tailed)								
	N	283							
<b>TALS</b>	Pearson Correlation	.625**	<b>1</b>						
	Sig. (2-tailed)	.000							
	N	283	283						
<b>PALS</b>	Pearson Correlation	-.114	.035	<b>1</b>					
	Sig. (2-tailed)	.054	.557						
	N	283	283	283					
<b>IO</b>	Pearson Correlation	.405**	.332**	-.128*	<b>1</b>				
	Sig. (2-tailed)	.000	.000	.032					
	N	283	283	283	283				
<b>EO</b>	Pearson Correlation	.360**	.322**	-.212**	.671**	<b>1</b>			
	Sig. (2-tailed)	.000	.000	.000	.000				
	N	283	283	283	283	283			
<b>SPT</b>	Pearson Correlation	.428**	.473**	-.045	.649**	.683**	<b>1</b>		
	Sig. (2-tailed)	.000	.000	.448	.000	.000			
	N	283	283	283	283	283	283		
<b>IKP</b>	Pearson Correlation	.356**	.404**	-.250**	.508**	.536**	.693**	<b>1</b>	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		
	N	283	283	283	283	283	283	283	
<b>OP</b>	Pearson Correlation	.399**	.386**	-.103	.530**	.465**	.547**	.421**	<b>1</b>
	Sig. (2-tailed)	.000	.000	.084	.000	.000	.000	.000	
	N	283	283	283	283	283	283	283	283
**. Correlation is significant at the 0.01 level (2-tailed).									
*. Correlation is significant at the 0.05 level (2-tailed).									

Source: Researcher

From the table above, results of linearity test indicate that all independent variables are significantly correlated with the dependent variables except passive-avoidant which is a sub-variable of leadership style. Therefore, result of testing linearity shows that all variables are linear with each other except passive-avoidant leadership style.

### **5.6.3 Testing Multicollinearity Assumption**

The 3<sup>rd</sup> assumption before testing research hypothesis using multivariate analysis is multicollinearity test. Where multi-collinearity is considered an essential element for testing linear regression. The researcher tested multi-collinearity using two different methods. First method deals with the correlation between independent variables to check whether there exists too high a correlation between some of the predictors included in the analysis. The second method is the measure of tolerance and variance inflation factors (VIF) of independent variables. In the current study, both methods were applied.

Tolerance and VIF were calculated using linear regression to determine whether multicollinearity presented an issue regarding any of these analyses. According to Hair et al. (2010), tolerance is an indication of the percentage of variance in the predictor that cannot be accounted for by the other predictor. Where tolerance of the predictor should be greater than .10, on the other side, VIF value should be less than 10 to ensure that the multi-collinearity assumption is not violated.

**Table 5.23 Testing Multicollinearity Assumption**

Coefficients			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Transformational Leadership	.532	1.878
	Transactional Leadership	.493	2.028
	Passive Avoidant Leadership	.801	1.248
	Internal Orientation	.457	2.190
	External Orientation	.405	2.471
	Strategic Techniques	.305	3.277
	Involvement of Key Personnel	.445	2.248
	Clan Culture	.537	1.863
	Adhocracy Culture	.435	2.299
	Market Culture	.589	1.697
	Hierarchy Culture	.621	1.610
a. Dependent Variable: Organisational Performance			

*Source:* Researcher

The multi-collinearity test using linear regression based on Tolerance and VIF indicates that all predictors have Tolerance above 0.10 and VIF less than 10, which indicates that the collinearity assumption is not violated. Also, the researcher tested collinearity using Pearson correlation to detect highly correlated predictor above 0.8 (Hair et al., 2010).

**Table 5.24 Testing Multicollinearity Assumption using Pearson's Correlation (Partial Correlation)**

Pearson's Correlations									
		TFLS	TALS	PALS	IO	EO	SPT	IKP	OP
<b>TFLS</b>	Pearson Correlation	<b>1</b>							
	Sig. (2-tailed)								
	N	283							
<b>TALS</b>	Pearson Correlation	.625**	<b>1</b>						
	Sig. (2-tailed)	.000							
	N	283	283						
<b>PALS</b>	Pearson Correlation	-.114	.035	<b>1</b>					
	Sig. (2-tailed)	.054	.557						
	N	283	283	283					
<b>IO</b>	Pearson Correlation	.405**	.332**	-.128*	<b>1</b>				
	Sig. (2-tailed)	.000	.000	.032					
	N	283	283	283	283				
<b>EO</b>	Pearson Correlation	.360**	.322**	-.212**	.671**	<b>1</b>			
	Sig. (2-tailed)	.000	.000	.000	.000				
	N	283	283	283	283	283			
<b>SPT</b>	Pearson Correlation	.428**	.473**	-.045	.649**	.683**	<b>1</b>		
	Sig. (2-tailed)	.000	.000	.448	.000	.000			
	N	283	283	283	283	283	283		
<b>IKP</b>	Pearson Correlation	.356**	.404**	-.250**	.508**	.536**	.693**	<b>1</b>	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		
	N	283	283	283	283	283	283	283	
<b>OP</b>	Pearson Correlation	.399**	.386**	-.103	.530**	.465**	.547**	.421**	<b>1</b>
	Sig. (2-tailed)	.000	.000	.084	.000	.000	.000	.000	
	N	283	283	283	283	283	283	283	283
**. Correlation is significant at the 0.01 level (2-tailed).									
*. Correlation is significant at the 0.05 level (2-tailed).									

Source: Researcher



Results of testing collinearity assumption based on Pearson correlations indicate that there is no predictor that can produce multi-collinearity ( $P < 0.8$ ). Thus, this assumption has not been violated.

#### 5.6.4 Testing Homoscedasticity Assumption

The last assumption for linear regression is the homoscedasticity or homogeneity between research variables. According to Hair et al. (2010), homoscedasticity indicates that error variance does not substantially change with the values of the predictors. Testing homoscedasticity between predictors was conducted using Levene's test of homogeneity of variances (Tabachnick and Fidell, 2007). Where Levene's test for the metric variables (independent and dependent) was computed across non-metric variables (categorical) as part of the t-test. Hair et al. (2010), suggested that Levene's results should be higher than the minimum significant value or non-significant (i.e.,  $p > 0.05$ ).

**Table 5.25 Testing Test of Homogeneity of Variances Using Levene's Test**

Test of Homogeneity of Variances				
	Levene Statistic	df1	df2	Sig.
TFL	.682	1	282	.410
TAL	.289	1	282	.592
PA	.006	1	282	.936
SPP	3.869	1	282	.051
OP	.899	1	282	.345
OC	1.707	1	282	.193

*Source:* Researcher

Table 2.7 shows the results of Levene's test for this study, which indicates that all variables under investigation (Transformational, Transactional, Passive-Avoidant, Strategic Planning Practices, Organisational Performance, and Organisational Culture) had insignificant scores or higher than the minimum significant value (i.e.,  $p > 0.05$ ).

Thus, we can assume that variance for all the variables was equal within groups based on the mean value and the current research has not violated the assumption of homogeneity of variance.

#### **5.6.5 Testing Common Method Bias Assumption**

One of the common issues associated with data collection through a self-administered questionnaire in social science is the existence of common method bias. As the data was collected from target respondents using the same self-administrated questionnaire using cross-sectional design (during one period), there is a danger that common method variance occurred (Avolio, et al., 1991; Hair, 2010). In the current study, the researcher examined the possibility of common method bias using Harman's single factor test. In fact, the test was conducted for all constructs under investigation: overall, questionnaire (independents and dependents variables), leadership styles, strategic planning, organisational culture and organisational performance. Harman's single factor test conducted for all items related to each of these constructs were included within a single factor analysis in which it was specified that only a single factor be retained, and that no rotation be used. Where results of these analyses would then suggest the presence of common method bias if the single factor retained explains the majority (more than 50 percent) of the variance in the model (Hair et al., 2006, 2010).

The following table 5.28 presents the results of the analysis conducted for all retained items of the questionnaire.

**Table 5.26 Haraman's Single Factor Test**

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	21.340	24.814	24.814	21.340	24.814	24.814
2	6.936	8.065	32.879			
3	6.140	7.140	40.019			
4	5.608	6.521	46.540			
5	3.148	3.661	50.200			
6	2.537	2.949	53.150			
7	2.337	2.718	55.867			
8	2.039	2.371	58.239			
9	1.901	2.211	60.449			
10	1.548	1.800	62.250			
<b>Note: Extraction Method: Principal Component Analysis.</b>						

*Source:* Researcher

As indicated in table (5.28), the initial component retained only explained 24.814% of the variance in the model. Therefore, these results indicate that common method bias was not present with respect to the entire questionnaire.

## **5.7 Conclusion**

This chapter presented the steps followed to screen and prepare the data collected from sample respondents to check its suitability for multivariate analysis to test research hypotheses. Where data collected from respondents for the main study was screened for any missing data. The researcher tested for outliers using univariate methods, using z-scores. Then normality assumption was tested using skewness and kurtosis method at the univariate level. In addition, homoscedasticity or homogeneity assumption of data was tested using Lieven's test using statistical techniques. In the next step, the assumption of multicollinearity was examined using bivariate Pearson correlation and multiple regression and it was found that both VIF and tolerance effects were within an acceptable range which confirms the non-existence of multicollinearity between independent variables. The next chapter will present analysis and discussion of a different empirical model to test research hypotheses.

## **Chapter 6 : Results and Analysis**

### **6.1 Introduction**

This chapter presents the process of testing the proposed hypotheses developed and introduced in the conceptual framework chapter to answer the research questions concerning the potential relationship among leadership styles, strategic planning, organisational culture and organisational performance. Data was gathered from 309 SMEs managers operating in Egypt using survey questionnaires, with 238 of these fully completed questionnaires returned and submitted to statistical analysis. Different statistical tests were employed for data preparation and screening (i.e. factor analysis, reliability tests, correlation) as described in the previous chapter to ensure suitability of the collected data for multivariate analysis. Thus, the aim of the current chapter is to empirically examine the potential mediating impact of strategic planning, as well as the potential moderating impact of organisational culture on the leadership-performance relationship using this data. In addition, this chapter aims to discuss the findings, of the proposed five empirical models previously suggested in the conceptual framework, their implications for future research, and to draw conclusions, and make recommendations. The chapter will start by revisiting the research questions, followed by the introduction of the analysis techniques employed to test the research hypotheses. Then, the data analysis of the five empirical models will be explained. Discussion of empirical models will be presented in light of the literature review and previous studies already identified in Chapters 2 and 3. Furthermore, discussion relating to the research hypotheses, including a discussion of the mediating impact of strategic planning and the moderating impact of organisational culture will be presented and discussed in empirical Chapter 4 and empirical Chapter 5. Summary of

the findings and results will be presented in section eight followed by the summary of the outcome of the research hypotheses. The full model for Leadership-SMEs financial performance will be discussed and presented and finally conclusions will be drawn on the results presented in this chapter.

The primary objective of this study is to provide an extended model of the leadership-SMEs financial performance relationship that is affected by the mediating impact of strategic planning practices on one hand and the moderating impact of organisational culture on the other hand. The chapter contains the exploratory study, which employed multiple regression analyses in analysing the direct and indirect associations between constructs. The objective was to reveal if these constructs were associated with each other; and if they were, whether strategic planning practices could mediate the impact of leadership styles on performance. Additionally, moderated regression analyses were performed to test the moderating effect of organisational culture on the impact of leadership styles on performance. To achieve the research aim and objectives, questions for this research were:

Do leadership styles affect organisational performance in SMEs operating within the Egyptian context?

Is there any relationship between leadership styles and strategic planning?

Do strategic planning activities have significant impact on SMEs financial performance in Egypt?

Does Strategic Planning mediate the relationship between Leadership Styles and SMEs' performance?

Does Organisational Culture moderate the relationship between Leadership Styles and SMEs' performance?

How do different Leadership Styles affect SMEs' Performance through the moderating effect of Organisational Culture and the mediating influence of Strategic Planning?

## **6.2 Analysis Used for Hypotheses Testing**

Following the determination of the appropriateness of the data set, multiple regression analysis was performed to predict the relative contribution of the constructs under investigation. According to Hair et al. (2011), multiple regression analysis provides a means of objectively assessing the magnitude and direction of each predictor's impact on its outcome variable. Multiple regression is used to analyse the relations between one single dependent variable and a group of independent variables. The main role of linear regression analysis is to determine whether or not a significant relationship exists between the independent variable, such as leadership style construct and dependent variable, such as organisational performance (Hair, et al., 2010). This study uses multiple regression analysis for the purposes of predicting the outcomes based on the levels of the various predictors (Field, 2009; Bryman and Bell, 2011). Multicollinearity tests were introduced using variance inflation factors (VIF) for testing multicollinearity among the independent variables. The results of these multicollinearity tests were mainly dependent on the VIF values of all independent variables. Hence, to test the hypotheses regarding the direct and indirect relationship among and between variables, multiple regression analyses were performed. According to Arnold (1982), moderated regression analysis provides the most straightforward method for testing hypotheses in which an interaction is implied. Thus, moderated regression analyses were used to test the hypotheses regarding the moderating effect of

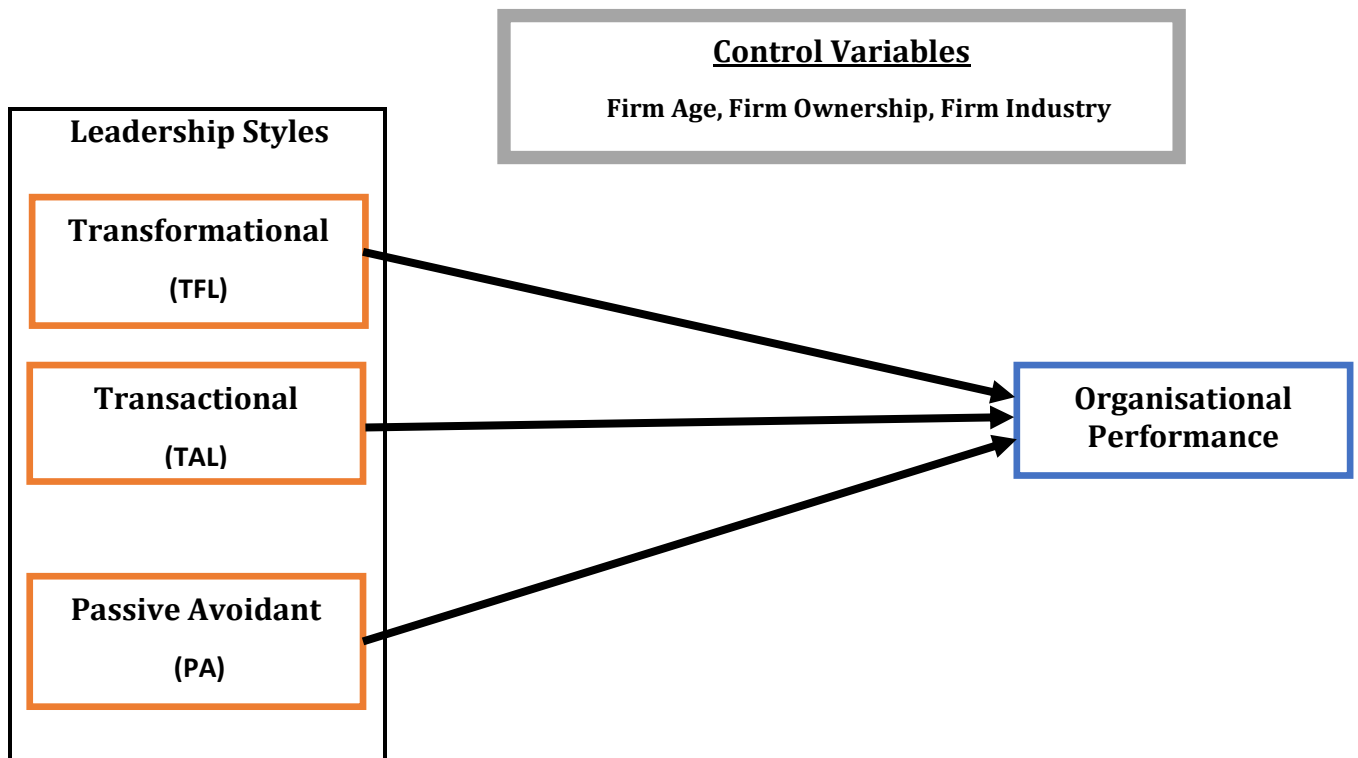
organisational culture. The selection of hierarchical regression method for testing the moderation effect is critical in eliminating the main effect of transformational and transactional leadership behaviours prior to examining the interaction effect (Stone and Hollenbeck, 1989); evidence of moderation is presented when the interaction terms account for significant residual variance in the outcome variable (Becerra-Fernandez and Sabherwal, 2001). See appendix B for moderation regression analysis. According to Hair et al. (2014), the Ordinary Least Squares (OLS) regression is considered a powerful technique when the model contains both dummy and continuous variables, which is similar to the case in this research. In fact, testing assumption for linear regression was tested and discussed in detail in chapter 5 (data preparation and screen) to ensure the suitability of the data for multivariate analysis.



### 6.3 First Empirical Model: Leadership Style and Organisational Performance

The first empirical model investigates the impact of leadership styles, namely transactional, transformational and passive-avoidant on organisational performance, where multiple linear regression analysis was employed to test the relationship between variables under investigation.

**Figure 6.1 Impact of leadership styles on Organisational Performance**



The first empirical model illustrates the first regression equation to test the impact of leadership styles on organisational performance. Regression equation includes leadership styles (Transformational, Transactional and Passive-avoidant) as the independent variables, while organisational performance is the dependent variable. Control variables used in testing this model are firm age, firm ownership and firm industry.

Three main sub-hypotheses were formulated based on the literature review in order to test the first empirical model. Table 6.1 shows these 3 statements.

**Table 6.1 Hypothesis testing of the impact of Leadership styles on organisational performance.**

The Impact of leadership styles on organisational performance	
<b>H1</b>	<b>Leadership styles have a significant impact on organisational performance.</b>
<b>H1a:</b>	Transformational leadership has a significant impact on organisational performance beyond the effects of transactional and passive-avoidant leadership.
<b>H1b:</b>	Transactional leadership has a significant impact on organisational performance beyond the effects of transformational and passive-avoidant leadership.
<b>H1c:</b>	Passive-avoidant leadership has a significant impact on organisational performance beyond the effects of transactional and transformational leadership.

The proposed regression model is defined by the following equation:

$$PERF = \alpha_0 + \alpha_1 TFLS + \alpha_2 TALS + \alpha_3 PALS + \alpha_4 FA + \alpha_5 FO + \alpha_6 FI + \mu \quad (E1)$$

Where PERF is a measure of the performance of SMEs, TFLS is measure of transformational leadership style, TALS is a measure of transactional leadership style, PALS is a measure of passive-avoidant leadership style, FA is a measure of firm age, FO is a measure of firm ownership and FI is a measure of firm industry.

The following table (6.2) explains and summarises the variables/constructs used in the first empirical model, the definition of each variable and the measurement are listed below.

**Table 6.2 Variables Definition and Measurement for the First Empirical Model**

Variables	Definition	Measurement
<b>Independent Variables</b>		
TFLS	Transformational Leadership style	20 items adopted from Avolio and Bass (2004) using 5-point Likert scale; (0=Not at all and 4=Frequently)
TALS	Transactional Leadership style	8 items adopted from Avolio and Bass (2004) using 5-point Likert scale; (0=Not at all and 4=Frequently)
PALS	Passive-avoidant Leadership style	8 items adopted from Avolio and Bass (2004) using 5-point Likert scale; (0=Not at all and 4=Frequently)
<b>Dependent Variables</b>		
PERF	Organisational Performance	5 items adopted from Venkatraman and Ramanujam (1986 and Pertusa-Ortega et al. (2010) using 5-point Likert scale; (1=Strong affected; 5=Less affected)
<b>Control Variables</b>		
FA	Firm Age	1 categorical question converted to 1 dummy variable; 1 if the age of the SMEs is up to 10 years; 0 otherwise
FO	Firm Ownership	1 Categorical question converted to 1 dummy variable; 1 if the SMEs are privately owned; 0 otherwise
FI	Firm Industry	1 Categorical question converted to dummy variable; 1 if the SMEs are operating within Trade, Construction and Manufacturing sector; 0 otherwise

*Source:* Researcher

### 6.3.1 Results and Analysis of First Empirical model

This section presents the results and analysis of the first empirical model that examine the impact of leadership styles on firm performance. The regression results for this relationship will be illustrated and discussed. The multi-collinearity assumption was tested by calculating Variance Inflation Factor (VIF) to determine whether more than two predictor variables (independent variables) are highly correlated with each other or not (Brace et al., 2009). Results for multi-collinearity for the first empirical study shows that all predictors have VIF less than 10 and tolerance above 0.1, which demonstrates that predictors are not multi-collinear with each other (Myers, 1990 and Hair et al., 2011). The VIF and Tolerance values of each independent variable and control variables are presented in table 6.3.

**Table 6.3 VIF Test Results for the First Empirical Model**

Coefficients <sup>a</sup>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Transformational Leadership Styles	0.584	1.711
	Transactional Leadership Styles	0.585	1.711
	Passive-avoidant Leadership Styles	0.947	1.056
	FA Dummy	0.944	1.059
	Firm Ownership Dummy	0.974	1.027
	Firm Industry Dummy	0.925	1.081
a. Dependent Variable: Organisational Performance			

The VIFs and Tolerance values for the independent variables tested in the first empirical model, namely; Transformational, Transactional and Passive-avoidant are within the acceptable limits. Results show that the maximum VIF for an independent variable, transformational leadership, is 1.71 and the minimum value for tolerance for the

transformational variable is 0.584. Therefore, VIFs and tolerance value for the first empirical models show that multicollinearity does not appear to be a problem in the first empirical model.

The results of the Ordinary Least Square (OLS) multiple regression used in testing the impact of leadership styles on organisational performance are presented in the following table. Transformational, Transactional and Passive-avoidant leadership are the independent variables, while organisational performance is the dependent variable. Firm age, firm ownership and firm industry are the control variables. Table (6.4) presents the regression analysis of the first empirical model.

**Table 6.4 Results of the First Empirical Model**

<b>Variables</b>		<b>Equation 1 PERF</b>
<b>Constant</b>	<b>Expected Sign</b>	
	<b>Coefficients</b>	0.233
	<b>Standardised Beta</b>	
	<b>t-Values</b>	10.678
	<b>Significant</b>	0.000***
<b>TFLS</b>	<b>Expected Sign</b>	+
	<b>Coefficients</b>	0.076
	<b>Standardised Beta</b>	0.239
	<b>t-Values</b>	3.462
	<b>Significant</b>	0.001***
<b>TALS</b>	<b>Expected Sign</b>	+
	<b>Coefficients</b>	0.076
	<b>Standardised Beta</b>	0.230
	<b>t-Values</b>	3.338
	<b>Significant</b>	0.001***
	<b>Expected Sign</b>	-

Variables		Equation 1 PERF
PALS	Coefficients	0.046
	Standardised Beta	-0.104
	t-Values	-1.925
	Significant	0.055
FA	Expected Sign	+
	Coefficients	0.099
	Standardised Beta	0.096
	t-Values	1.762
	Significant	0.079
FO	Expected Sign	-
	Coefficients	0.126
	Standardised Beta	0.019
	t-Values	0.349
	Significant	0.728
FI	Expected Sign	-
	Coefficients	0.088
	Standardised Beta	0.178
	t-Values	-3.236
	Significant	0.001***
# of Observations/Cases	283	283
Adjusted R Square		21.4%
R Square Change		23.1%
F-Statistics		13.808
ANOVA Sig.		0.000***
<b>Notes:</b> Dependent variable: Organisational Performance. Significance levels: *p<0.05; **p<0.01; ***p<0.001		

Transformational, Transactional and Passive-avoidant are the attributes used to measure the independent variable - leadership styles, whereas organisational

performance is the dependent variable. Firm age, firm ownership and firm industry are used as control variables or organisational specific variables. Leadership styles (independent variables) have been regressed against organisational performance (dependent variable). The adjusted R-square for this model was equal to 21.4%, which implies that only 21.4% of the variations in the performance of SMEs were determined by leadership styles, namely transformational, transactional and passive-avoidant with the existence of the effect of firm age, firm ownership and firm industry, while the remaining 78.6% is attributed to other variables. The result reveals that the overall model is significant ( $\text{sig}=0.000^{***}$ ;  $p<0.01$ ). The multiple regression analysis in table 6.4 shows that the model fits at a good level. Also, analysis shows that the F-statistic (13.808) is also significant at the  $p < 0.01$  level, indicating that the variance explained is also statistically significant. Hence, it could be argued that the results can be interpreted as meaning that the final model significantly improves our ability to predict the outcome variable (organisational performance).

Results from regression analysis show that transformational leadership has a positive impact on organisational performance ( $B = 0.239$ ,  $p < 0.05$ ). Also, the results indicate that t-value is 3.462. This result demonstrates that H1a has failed to be rejected. Also, it is suggested that transformational leadership style has a significant impact on organisational performance beyond the effects of transactional and passive-avoidant leadership. This supports the findings of Lawal et al. (2014) in their study of the impact of leadership on performance in the context of Nigerian SMEs, as well as the early findings of Paracha et al. (2012), which showed a positive significant relationship between transformational leadership style and organisational performance in the context of SMEs. However, the results differ from that of other studies conducted in the

context of Asian SMEs, such as Malaysian SMEs in the service sector, which shows the negative impact of Transformational leadership styles on organisational performance (Arham, 2014).

Transactional leadership style has been regressed against organisational performance, where results from table 6.4 show that Transactional leadership has a positive impact on organisational performance ( $B = 0.230$ ,  $p < 0.05$ ). Also, the results indicate that the t-value is 3.338. This result demonstrates that H1b has failed to be rejected. Also, it is suggested that transactional leadership style has a significant impact on organisational performance beyond the effects of transformational and passive-avoidant leadership. This supports the findings of Rigas and Nawar (2016) on SMEs operating within the Egyptian context. Also, Lawal et al. (2014) in their study of the impact of transactional leadership on performance in the context of Nigerian SMEs have demonstrated that transactional leadership has a positive significant impact on performance. Early findings of Paracha et al. (2012) showed positive significant relationship between transactional leadership style and organisational performance in the context of SMEs. However, the results differ from that of other studies conducted in the context of Asian SMEs such as Malaysian SMEs in the service sector (Arham, 2014), which shows the negative impact of transactional leadership style on organisational performance (Lawal et al., 2014).

On the other hand, regression analysis in regard to passive-avoidant leadership shows that there is a negative insignificant impact on organisational performance ( $B = -0.104$ ,  $p > 0.05$ ). Also, the results indicate that the t-value is (-1.925). This result demonstrates that H1c is rejected. Also, it is suggested that passive-avoidant leadership style has an insignificant impact on organisational performance. This result supports the findings of Metwally et al. (2014) and Rigas and Nawar (2016) on SMEs operating within the



Egyptian context. Also, Lawal et al. (2014) in their study of the impact of passive-avoidant Leadership on performance in the context of Nigerian SMEs concluded that passive avoidant leadership style has negative impact on firm performance. This supports the findings of Arsawan et al. (2017), as well as the findings of Muterera's recent study (2012) in the United States of America, which showed a negative significant relationship between passive-avoidant leadership and organisational performance. However, the results differ from that of other studies conducted in the context of Asian SMEs, such as Malaysian SMEs in the service sector, which shows an insignificant impact of passive leadership style on organisational performance.

As for the control variables, multiple regression analysis reveals that firm age has a positive insignificant impact on organisational performance with ( $B = 0.96, p > 0.05$ ). This supports the findings of Anderson et al. (2003), as well as the early findings of Anderson and Reeb (2003), which showed a positive insignificant relationship between firm age and the performance of SMEs. Firm ownership has negative insignificant impact on organisational performance ( $B = -0.019, p > 0.05$ ). This supports the findings of Ahmed and Abdel Hadi (2017), as well as the early findings of La Rocca et al. (2011), which showed negative insignificant relationship between firm ownership and the performance of SMEs, whereas firm industry shows negative significant impact on organisational performance ( $B = -0.178, p < 0.05$ ). This supports the findings of Arsawan et al. (2017) as well as the findings of Muterera's recent study (2012) in the United States of America, which showed negative significant relationship between firm industry and the performance of SMEs.

To summarise the results of the first regression model of leadership styles (independent variable) against the organisational performance, it is obvious that most of the sub-

hypotheses formulated earlier failed to be rejected except H1c, which was rejected due to either opposing coefficient or insignificance. Table 6.5 summarized the results of the sub-hypotheses testing for the first empirical model.

**Table 6.5 Summary of Hypothesis testing for First Empirical Model**

Research Hypothesis	Beta ( $\beta$ )	t-values	Results Null Hypothesis
H1. a: TFL $\rightarrow$ OP	0.239	3.462	Failed to reject
H1. b: TAL $\rightarrow$ OP	0.230	3.338	Failed to reject
H1.c: PAL $\rightarrow$ OP	-0.104	-1.925	Rejected

### 6.3.2 Discussion of the First Empirical Model

This section presents and discusses the findings of the first empirical model. The researcher will discuss the results in the light of the theoretical underpinning related to the leadership theories and then results of the empirical study will be compared to previous scholars' studies conducted in the same field. The results will be linked to the theories at hand to find if the practice of leadership within SMEs operating in Egypt follow the organisational studies and resources-based view (RBV) theory or both. The second part of the discussion will be related to empirical results of previous scholars' studies with the findings of this research.

The First empirical model dealt with testing hypotheses related to the impact of leadership styles, namely Transformational, Transactional and Passive-avoidant leadership on the performance of SMEs, where firm age, firm ownership and firm industry were selected as control variables to be used in the regression equation. Based on the existing literature and conceptual framework already developed in Chapter 3 on

the practice of leadership styles and its impact on Organisational performance with different sizes and on SMEs in particular, we proposed three hypotheses to test the impact of leadership styles on performance. The findings of the proposed hypotheses in relation to the first empirical model will be discussed below:

**H1a:** Transformational leadership has a significant impact on organisational performance beyond the effects of transactional and passive-avoidant leadership. (Null hypothesis, failed to reject).

The findings of the first hypothesis revealed that transformational leadership styles have positive significant impact on Organisational performance of SMEs operating within the Egyptian context. These findings are in line with the leadership-performance literature review in both large and small-medium enterprises. Iscan et al. (2014) conducted a similar study on the impact of transformational leadership on the performance of SMEs operating within the Turkish context, where it was suggested that transformational leadership is a leading predictor of overall performance. Similarly, Abdul Aziz et al. (2013), in a study conducted on SMEs operating within the Malaysian context, demonstrate that transformational and transactional leadership styles are dominant styles used by owners and managers operating in SMEs. The study shows strong positive impact of transformational leadership style on business performance. Ling et al. (2008) conducted a study on the impact of transformational CEOs on the performance of SMEs, which suggested that a CEO plays a more direct role in improving firm performance. Finally, Porter et al. (1974) suggested that transformational leadership leads to high Organisational performance due to the continuous leadership support, participation, and collaboration between leaders and subordinates. Howell et al. (2005) found that transformational leaders positively predict the overall and unit of

performance. Finally, Bass and Avolio (2004), Avolio (1999) and Bass (1998) have proven that transformational leadership has strong correlations with business performance.

**H1b:** Transactional leadership has a significant impact on organisational performance beyond the effects of transformational and passive-avoidant leadership. (Null hypothesis, failed to reject).

The second hypothesis tested dealt with the impact of transactional leadership styles on business performance. Findings show that there is a positive impact of transactional leadership on performance. These findings corroborate with the suggestion given by Bass and Avolio (1993) that transactional leaders result in better performance. They focus on exchanging relationships with their followers using contingent rewards and active management by exception, which encourage followers to be more productive and achieve the desired objectives. In the same fashion, Koech and Namusonge (2012) suggested that transactional leadership has a positive impact on performance in a study carried out in Kenya. In similar studies, it has been suggested that contingent rewards are highly associated with achieving higher performance. In addition, taking corrective action by the leadership adopting active management by exception helps in achieving more desired outcomes. Saravo et al. (2017) in a recent study conducted on the impact of transactional leadership on performance suggested that an employee's performance tended to be highly correlated with transactional leadership styles, which lead to a better performance. Finally, Bass and Avolio (2004) suggested that transactional leadership styles have a significant positive impact on overall business performance. Said ElBanna (2009), in a study carried out in the Egyptian context, suggested that transactional managers and leaders in Egypt tend to achieve high performance. Abdul

Aziz et al. (2013) found that transactional SMEs managers and owners can influence the survival and performance of SMEs. Different leadership styles are important in improving leadership styles.

**H1c:** Passive-avoidant leadership has a significant impact on organisational performance beyond the effects of transactional and transformational leadership. (Null hypothesis, Rejected).

The last hypothesis in the first empirical model deals with the passive-avoidant leadership and its significant impact on business performance. The results of the regression equation suggested that there is a negative insignificant impact on performance. Passive-avoidant leadership tends to be inactive and is considered to lack leadership (Bass and Avolio, 1995). According to Bass and Avolio (2004), passive-avoidant leaders are not considered leaders; instead, they are managers, which is not directly focused on achieving better performance, where they don't provide support or encouragement to their followers. There is an agreement among scholars that passive-avoidant leadership is considered the least effective style and tend to have minimal or no effect on Organisational performance (Malik and Nawar, 2018). The findings of this research are consistent with the current literature in leadership and organisational studies, which suggested that the passive-avoidant style has a negative significant relationship with performance. The importance of passive-avoidant leadership, which resulted in this current study, is in the light of some literature in the field of management. Kihara et al. (2016) in their study about leadership styles which confirmed the negative impact of passive-avoidant leadership style on the performance of SMEs.

On the other hand, the results of this empirical model in relation to the role of passive-avoidant leadership on the performance of SMEs were consistent with some empirical findings in the literature. In fact, Koech and Namsonge (2012) suggested that passive-avoidant leadership has no relationship with the performance of SMEs in Kenya. Similarly, a study carried out in Thailand found that there is a negative insignificant relationship between passive-avoidant and business performance (Chaudhry and Javed, 2012). Finally, Chege et al. (2015) reached the same results as previous research on the insignificant relationship between passive-avoidant/laissez-faire on firm performance.

Finally, the first empirical model used three control variables, namely firm age, firm ownership and firm industry. Findings revealed that firm age has a positive insignificant impact on the performance of SMEs, which means that the more the firm competes in the market, the more its performance is affected, as the firm faces obstacles and higher competition, which is suggested in the literature review related to major challenges facing SMEs (Stonehouse and Pemberton, 2002). Also, the result was consistent with the study conducted by Aldehayyat and Twaissi (2011), which suggests that the more experience the firm has in the market, the more the impact on Performance. Competition and experience in the market in the long term are highly associated with better business performance.

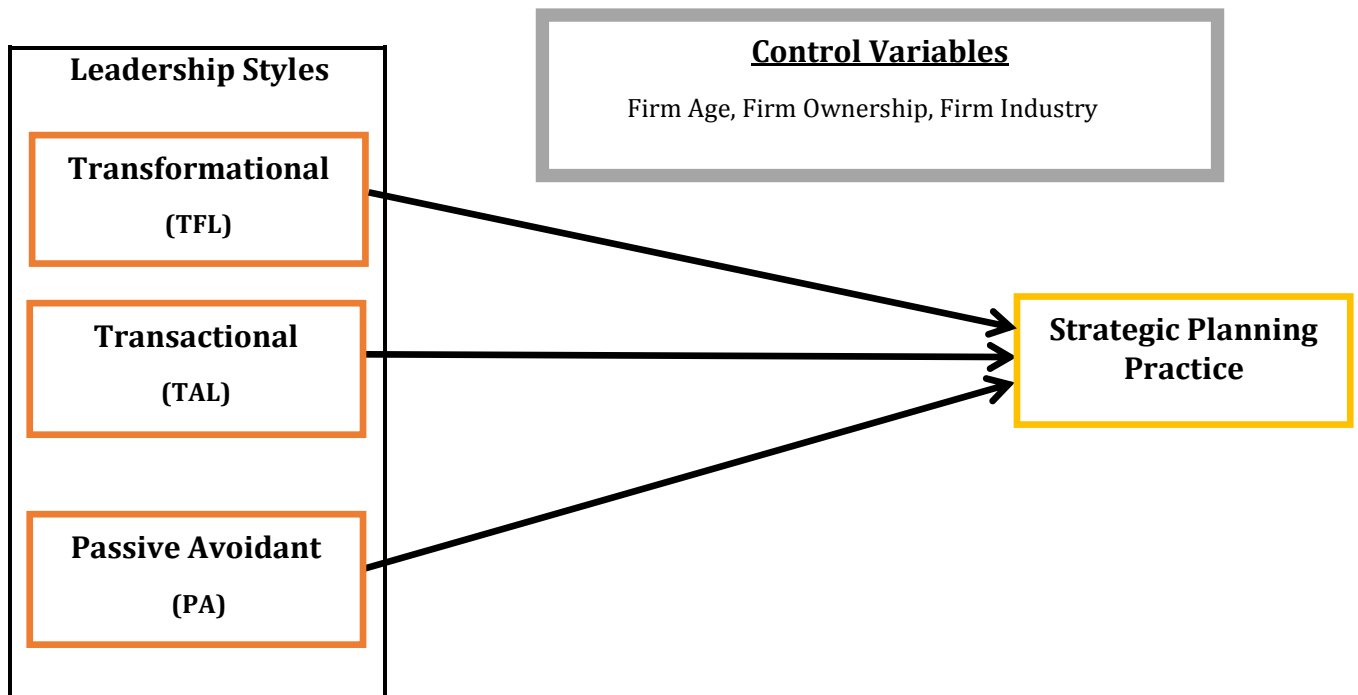
On the other hand, results from table (6.4) show that firm ownership has a negative insignificant impact on the performance of SMEs. Additionally, demographic analysis of sample respondents reveals that more than one-third of the of SMEs are privately owned which suggests that ownership of SMEs doesn't affect the performance. In other words, the performance of SMEs is highly related to the management style rather than ownership structure (Lioukas et al., 1993; Mallory et al., 1983). Finally, results show a

negative significant impact of firm industry on the performance of SMEs. Which mean that firm industry does not have any direct impact on SMEs financial performance operating in Egypt.

#### 6.4 Second Empirical Model: Leadership Style and Strategic Planning Practice

The second empirical model deals with testing the impact of leadership styles, namely transformational, transactional and passive-avoidant on strategic planning practices. Multiple linear regression was employed to test the relationship between the variables under investigation.

**Figure 6.2 The Impact of leadership styles on Strategic planning practices**



The second empirical model illustrates the second regression equation to test the impact of leadership styles on strategic planning practices in Egyptian SMEs. Regression equation includes transformational, transactional and passive-avoidant leadership styles as the independent variables, while strategic planning is the dependent variable. The control variables used in testing this model are firm age, firm ownership and firm industry. Three main sub-hypotheses were formulated based on the literature review in order to test first empirical model. Table 6.6 shows these 3 statements.



**Table 6.6 Hypothesis testing of the impact of Leadership styles on strategic planning practices.**

The impact of leadership styles on strategic planning	
<b>H2</b>	<b>Leadership styles have a significant impact on strategic planning practice.</b>
<b>H2 a:</b>	Transformational leadership has a significant impact on strategic planning beyond the effects of transactional and passive-avoidant leadership.
<b>H2 b:</b>	Transactional leadership has a significant impact on strategic planning beyond the effects of transformational and passive-avoidant leadership.
<b>H2 c:</b>	Passive-avoidant leadership has a significant impact on strategic planning beyond the effects of transactional and transformational leadership.

The proposed regression model is defined by the following equation:

$$SPP = \alpha_0 + \alpha_1 TFLS + \alpha_2 TALS + \alpha_3 TALS + \alpha_4 FA + \alpha_5 FO + \alpha_6 FI + \mu \quad (E2)$$

SPP is a measure of strategic planning practices; TFLS is a measure of transformational leadership style; TALS is a measure of transactional leadership style; PALS is a measure of passive-avoidant leadership style; FA is a measure of firm age; FO is a measure of firm ownership; and FI is a measure of firm industry.

The following table (6.7) explains and summarises the variables/constructs used in this research, the definition of each variable and the measurement are listed below.

**Table 6.7 Variables Definition and Measurement for the Second Empirical Model**

Variables	Definition	Measurement
<b>Independent Variables</b>		
TFLS	Transformational Leadership style	20 items adopted from Avolio and Bass (2004) using 5-point Likert scale; (0=Not at all and 4=Frequently)
TALS	Transactional Leadership style	8 items adopted from Avolio and Bass (2004) using 5-point Likert scale; (0=Not at all and 4=Frequently)
PALS	Passive-avoidant Leadership style	8 items adopted from Avolio and Bass (2004) using 5-point Likert scale; (0=Not at all and 4=Frequently)
<b>Dependent Variables</b>		
SPP	Strategic Planning Practice	21 items adopted from Karger and Parnell (1996); Griggs (2002) and O'Regan (2000), using 5-point Likert scale; (1=No Emphasis; 5=Great Emphasis)
<b>Control Variables</b>		
FA	Firm Age	1 categorical question converted to 1 dummy variable; 1 if the age of the SME is up to 10 years; 0 otherwise
FO	Firm Ownership	1 categorical question converted to 1 dummy variable; 1 if the SME is privately owned; 0 otherwise
FI	Firm Industry	1 categorical question converted to 1 dummy variable; 1 if the SMEs operate within Trade, Construction and Manufacturing sector; 0 otherwise

*Source:* Researcher

#### 6.4.1 Results and Analysis of the Second Empirical Model

This section presents the results and analysis of the second empirical model that investigate the impact of leadership styles on firms' strategic planning practices. The regression results for this relationship will be illustrated and discussed. Multi-collinearity assumption was tested by calculating Variance Inflation Factor (VIF) to determine whether more than two predictor variables (independent variables) are highly correlated with each other or not (Brace et al., 2009). Results for multi-collinearity for the first empirical study shows that all predictors have VIF less than 10 and tolerance above 0.1, which demonstrates that predictors are not multi-collinear with each other (Myers, 1990 and Hair et al., 2011). The VIF and Tolerance values of each independent variable and control variables are presented in table 6.8.

**Table 6.8 VIF Test Results for the Second Empirical Model**

Coefficients <sup>a</sup>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Transformational Leadership Styles	0.584	1.711
	Transactional Leadership Styles	0.585	1.711
	Passive-avoidant Leadership Styles	0.947	1.056
	FA Dummy	0.944	1.059
	Firm Ownership Dummy	0.974	1.027
	Firm Industry Dummy	0.925	1.081
a. Dependent Variable: Strategic Planning Practices			

The VIFs and Tolerance values for the independent variables tested in the first empirical model, namely transformational, transactional and passive-avoidant are within the acceptable limits. Results show that the maximum VIF for the independent variable, transformational leadership, is 1.711 and the minimum value is 1.027 for firm

ownership. The minimum value of tolerance for the transformational variable is 0.584 and the maximum value is 0.974 for firm ownership, which is the control variable. Therefore, VIFs and tolerance value for the second empirical models show that multicollinearity does not appear to be a problem in the second empirical model.

The results of the Ordinary Least Square (OLS) multiple regression used in testing the impact of leadership styles on strategic planning practices are presented in the following table. Transformational, transactional and passive-avoidant leadership are the independent variables, while strategic planning practice is the dependent variable. Firm age, firm ownership and firm industry are the control variables.

**Table 6.9 Results of Second Empirical Model**

<b>Variables</b>		<b>Equation 1 SPP</b>
<b>Constant</b>	<b>Expected Sign</b>	
	<b>Coefficients</b>	0.198
	<b>Standardised Beta</b>	
	<b>t-Values</b>	12.611
	<b>Significant</b>	0.000***
<b>TFLS</b>	<b>Expected Sign</b>	+
	<b>Coefficients</b>	0.064
	<b>Standardised Beta</b>	0.232
	<b>t-Values</b>	3.499
	<b>Significant</b>	0.001***
<b>TALS</b>	<b>Expected Sign</b>	+
	<b>Coefficients</b>	0.065
	<b>Standardised Beta</b>	0.338
	<b>t-Values</b>	5.086
	<b>Significant</b>	0.000***
	<b>Expected Sign</b>	-

Variables		Equation 1 SPP
PALS	Coefficients	0.039
	Standardised Beta	-0.136
	t-Values	-2.613
	Significant	0.009**
FA	Expected Sign	-
	Coefficients	0.084
	Standardised Beta	-0.020
	t-Values	-3.77
	Significant	0.706
FO	Expected Sign	-
	Coefficients	0.107
	Standardised Beta	-0.051
	t-Values	-1.000
	Significant	0.318
FI	Expected Sign	-
	Coefficients	0.075
	Standardised Beta	-0.040
	t-Values	-0.752
	Significant	0.453
# of Observations/Cases	283	283
Adjusted R Square		27.4%
R Square Change		28.9%
F-Statistics		18.724
ANOVA Sig.		0.000***
<b>Notes:</b> Dependent variable: Strategic Planning Practice. Significance levels: *p<0.05; **p<0.01; ***p<0.001		

Transformational, Transactional and Passive-avoidant are the attributes used to measure independent variable - the leadership styles - whereas strategic planning

practices are the dependent variables. Firm age, firm ownership and firm industry are used as control variables or organisational specific variables. Leadership styles (independent variables) have been regressed against organisational performance (dependent variable). The adjusted R-square for this model was equal to 27.4%, which implies that only 27.4% of the variations in SMEs' strategic planning practice were determined by leadership styles, namely transformational, transactional and passive-avoidant, with the existence of the effect of firm age, firm ownership and firm industry, while the remaining 72.6% is attributed to other variables. The result reveals that the overall model is significant ( $\text{sig}=0.000^{***}$ ;  $p<0.01$ ). The multiple regression analysis in table 6.9 shows that the model fits at a good level. Also, the analysis shows that the F-statistic (18.724) is also significant at the  $p < 0.01$  level, indicating that the variance explained is also statistically significant. Hence, it could be argued that the results can be interpreted as meaning that the final model significantly improves our ability to predict the outcome variable (Strategic Planning Practice).

Furthermore, results from the regression analysis show that transformational leadership has a positive impact on strategic planning practice ( $B = 0.232$ ,  $p < 0.05$ ). Also, the results indicate that t-value is 3.499. This result demonstrates that H1a has failed to be rejected. Also, it is suggested that the transformational leadership style has a significant impact on strategic planning practice beyond the effects of transactional and passive-avoidant leadership. This supports the findings of Chege et al. (2015) on the effects of leadership styles on the implementation and practices of strategic plans in African SMEs, namely in Nairobi. Also, the findings support the early findings of Dubihlela and Sandada (2017) which showed positive significant relationship between transformational leadership style and SMEs strategic planning practice.

Transactional leadership style has been regressed against organisational performance, where results from table 6.8 show that transactional leadership has positive impact on organisational performance ( $B = 0.338$ ,  $p < 0.05$ ). Also, the results indicate that the t-value is 5.086. This result demonstrates that H1b has failed to be rejected. Also, it is suggested that transactional leadership style has a significant impact on strategic planning practices beyond the effects of transformational and passive-avoidant leadership. This supports the findings of Chege et al. (2015) on the effects of leadership styles on the implementation and practices of strategic plans in African SMEs, namely in Nairobi. Also, the findings support the early findings of Dubihlela and Sandada (2017), which showed a positive significant impact of transactional leadership on the practice of strategic planning, whereas regression analysis in regard to passive-avoidant leadership shows that there is a negative significant impact on organisational performance ( $B = -0.136$ ,  $p < 0.05$ ). Also, the results indicate that the t-value is (-2.613). This result demonstrates that H1c has failed to be rejected. Also, it is suggested that passive-avoidant leadership style has a negative significant impact on strategic planning practices. This supports the findings of a recent study by Jabbar and Hussein (2017), which showed a negative significant relationship between passive leadership style and SMEs' strategic planning practices.

As for the control variables, multiple regression analysis shows a negative insignificant impact on strategic planning practice with ( $B -0.020$ ,  $p > 0.05$ ). This supports the findings of Ahmed and Abdel Hadi (2017), as well as the early findings of Anderson and Reeb (2003), which showed a negative insignificant relationship between firm age and the strategic planning practices of SMEs. Firm ownership has a negative insignificant impact on organisational performance ( $B = -0.051$   $p > 0.05$ ). This supports the findings

of Pervan et al. (2017), as well as the early findings of La Rocca et al. (2011) and Rigas and Nawar (2016), which showed a negative insignificant relationship between firm ownership and the strategic planning practices of SMEs. Finally, firm industry shows a negative insignificant impact on strategic planning practices ( $B = -0.040$ ,  $p > 0.05$ ).

To summarise the results of the second regression model of leadership styles (independent variable) against the strategic planning practices, it is obvious that all the sub-hypotheses formulated earlier were failed to be rejected. Table 6.10 summarized the results of the sub-hypotheses testing for the second empirical model.

**Table 6.10 Summary of the Hypothesis testing for the Second Empirical Model**

Research Hypothesis	Beta ( $\beta$ )	t-values	Results Null Hypothesis
H2a: TFL $\rightarrow$ SP	0.232	3.499	Failed to reject
H2b: TAL $\rightarrow$ SP	0.338	5.086	Failed to reject
H2c: PAL $\rightarrow$ SP	-0.136	-2.613	Failed to reject

#### 6.4.2 Discussion of the Second Empirical Model

This section presents and discusses the findings of the second empirical model. The researcher will discuss the results in the light of theoretical underpinning related to the leadership theories. Then the results of the empirical study will be related to previous scholars' studies conducted in the same field. The results will be linked to the theories at hand to find if the practice of leadership within SMEs operating in Egypt follow the organisational studies and resources-based view (RBV) theory or both. The second part of the discussion will be related to the empirical results of previous scholars' studies with the findings of this research.



The second empirical model tests the impact of leadership styles, namely transformational, transactional and passive-avoidant leadership, on strategic planning practice. Firm age, firm ownership and firm industry were selected as control variables to be used in the regression equation. Based on the existing literature and conceptual framework already developed in Chapter 3 on the practice of leadership styles and its impact on strategic planning with different sizes and on SMEs in particular, we proposed three hypotheses to test the impact of leadership styles on strategic planning. The findings of the proposed hypotheses in relation to the second empirical model will be discussed in the following section.

**H2a:** Transformational leadership has a significant impact on strategic planning beyond the effects of transactional and passive-avoidant leadership. (Null hypothesis, failed to reject).

The first hypothesis tests the impact of transformational leaders on the practice of strategic planning. In other words, the research intends to see whether transformational characteristics like inspiring, motivating and encouraging followers will have a significant impact on the practice and strategic planning, such as internal and external orientations, the use of strategic planning techniques, and the involvement of key personnel. The findings of the first hypothesis suggested that transformational leadership styles have a positive impact on strategic planning practices and implementation in SMEs.

These findings are in line with previous empirical studies conducted in the field of strategic planning practices within SMEs. Chege et al. (2015) conducted an empirical study on the effect of different leadership styles on the implementation of strategic planning within SMEs in Nairobi and found that transformational leadership styles have

a strong positive impact on strategic planning practice. According to Jabbar and Hussein (2017), leadership characteristic is an essential predictor of the strategic planning inside organizations. Only a few empirical studies address the questions of what the impact of different leadership styles on strategic planning practice is, which refers to the gap in the literature review regarding the impact of transformational leadership on the practice of strategic planning within SMEs operating within an emerging market.

**H2b:** Transactional leadership has a significant impact on strategic planning beyond the effects of transformational and passive-avoidant leadership. (Null hypothesis, failed to reject).

The second hypothesis deals with testing the impact of transactional leadership style on the practice of strategic planning. In other words, the research tested how the contingent rewards and exchange between leaders and followers could impact the practice of strategic planning. The findings revealed that transactional leadership styles have a positive impact on the strategic planning practices within SMEs. Furthermore, it has been found that transactional leadership has more influence than transformational leadership with Beta coefficient (0.338) compared to (0.232) for transformational leadership. These findings are in line with the study done by Rigas and Nawar (2016) on SMEs operating in the manufacturing sector. The study suggested that transactional leadership styles have an impact on strategic planning practices. Dubihlela and Sandada's study (2017) suggested that leadership style has a positive impact on strategic planning practice. Also, the findings are consistent with earlier results suggested by Postma and Zwart (2001), which reached the same conclusion that effective transactional leadership styles will lead to effective practice of strategic planning within SMEs.

**H2c:** Passive-avoidant leadership has a significant impact on strategic planning beyond the effects of transactional and transformational leadership. (Null hypothesis, failed to reject).

The last hypothesis tests the impact of passive-avoidant leadership on strategic planning. The finding from the empirical study found that passive-avoidant leadership has a negative significant impact on strategic planning practice. In other words, inexistence of leader at the organisation will negatively impact the implementation and of planning techniques. In addition, the passive avoidant leader will pay less attention to external and internal orientation as well as the use of strategic techniques within organizations. Passive-avoidant leaders tend to be inactive and lack leadership qualities (Jabbar and Hussein, 2017). According to Bass and Avolio (2004), passive-avoidant leaders are not considered leaders. Instead, they are managers, which is not directly focused on achieving effective strategic planning, and they don't support or encourage their followers (Chege et al., 2015; Yanney, 2014).

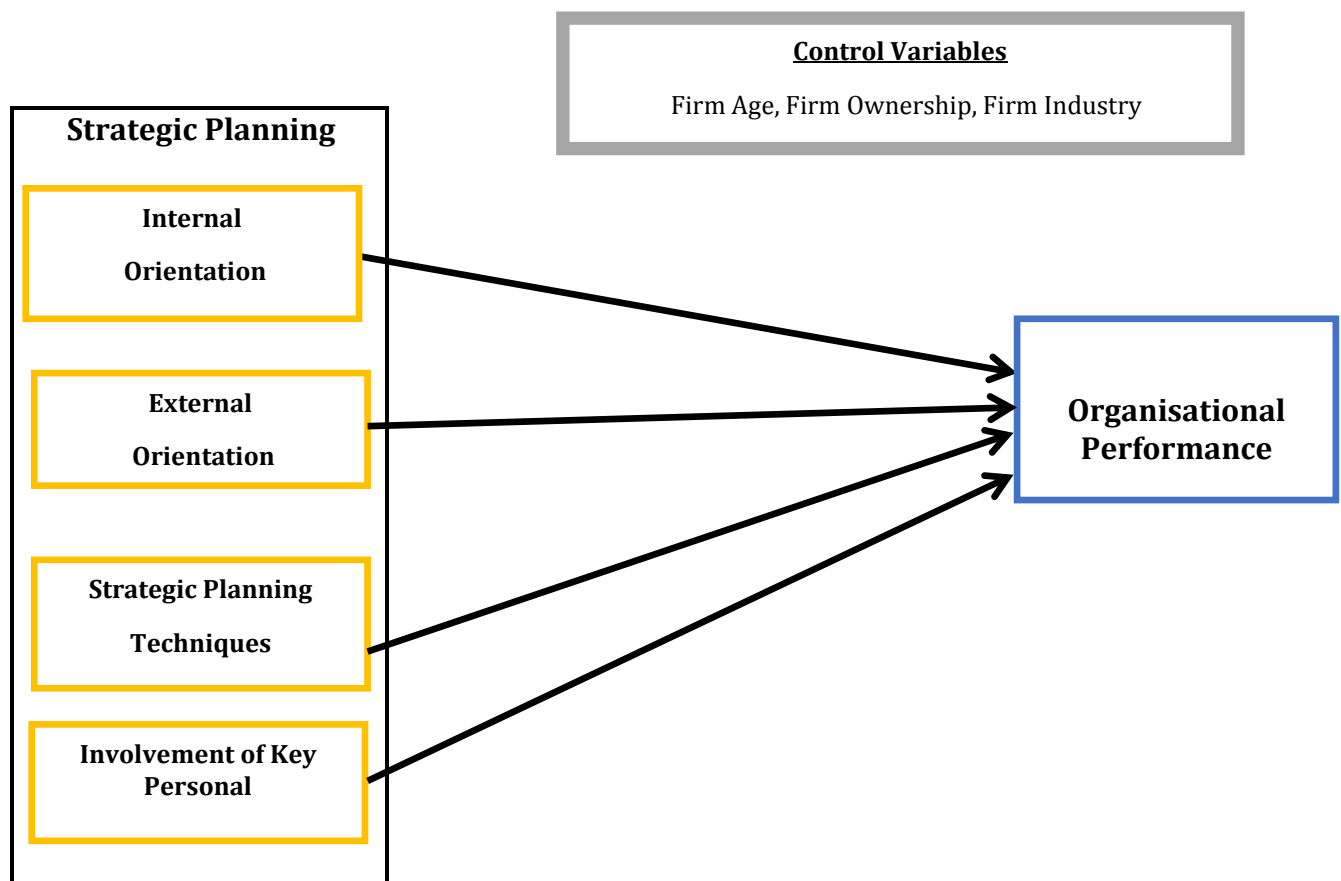
In order to test the second empirical model, the researcher added some control variables, namely firm age, firm ownership and firm industry to control the impact of leadership styles on strategic planning practices. Findings show that none of the control variables has a significant impact on strategic planning, which concludes that the practice of strategic planning is not related to the age of the firm, the ownership nor the industry where they operate, but it is significantly related to the type of leadership styles and the decision makers' philosophy. Also, it could be argued that the main aim of SMEs in the early stage is to sustain profitability for survival instead of paying attention to having effective practice of strategic planning. Testing the impact of firm ownership, whether it is private or public, revealed that private SMEs, compared to

public SMEs, have negative impact on the practice of strategic planning. Public SMEs tend to put more focus on the planning practice, which could be justified as being publicly owned by the government and they are less exposed to financial risk failure compared to private SMEs.

## 6.5 Third Empirical Model: Strategic Planning Practice and Organisational Performance

The third empirical model investigates the impact of strategic planning practice, namely strategic planning techniques, involvement of key personnel, internal orientation and external orientation on organisational performance. Multiple linear regression analysis was employed to test the relationship between variables under investigation.

**Figure 6.3 The Impact of Strategic Planning Practices on Organisational Performance**



The third empirical model illustrates the third regression equation to test the impact of strategic planning practices on organisational performance. The regression equation includes the following four attributes related to strategic planning practice, namely strategic planning techniques, involvement of key personnel, internal orientation and external orientation as the independent variables, while organisational performance is the dependent variable. Control variables used to test the third model are firm age, firm ownership and firm industry.

Four main sub-hypotheses were formulated based on the literature review in order to test the third empirical model. Table 6.11 shows these 4 statements.

**Table 6.11 Hypothesis testing of the impact of strategic planning practices on organisational performance.**

The impact of strategic planning on organisational performance	
<b>H3</b>	<b>Strategic planning practices have a significant impact on organisational performance.</b>
<b>H3 a:</b>	Strategic planning techniques have a significant impact on organisational performance.
<b>H3 b:</b>	Involvement of key personnel has a significant impact on organisational performance.
<b>H3 c:</b>	Internal orientation has a significant impact on organisational performance.
<b>H3 d:</b>	External orientation has a significant impact on organisational performance.

The proposed regression model is defined by the following equation:

$$\text{PERF} = \alpha_0 + \alpha_1 \text{SPT} + \alpha_2 \text{IKP} + \alpha_3 \text{IO} + \alpha_4 \text{EO} + \alpha_5 \text{FA} + \alpha_6 \text{FO} + \alpha_7 \text{FI} + \mu \quad (\text{E3})$$

Where PERF is a measure of the performance of SMEs, SPT is a measure of strategic planning techniques, IKP is a measure of involvement of key personal, IO is a measure of internal orientation aspect, EO is a measure of external orientation aspects, FA is a

measure of firm age, FO is a measure of firm ownership and FI is a measure of firm industry.

The following table (6.12) explains and summarises the variables/constructs used in this research, the definition of each variable and the measurements are listed below.

**Table 6.12 Variables Definition and Measurement for the Third Empirical Model**

Variables	Definition	Measurement
<b>Independent Variables</b>		
IO	Internal Orientation	4 items adopted from Karger and Parnell (1996); Griggs (2002) and O'Regan (2000), using 5-point Likert scale; (1=No Emphasis; 5=Great Emphasis)
EO	External Orientation	3 items adopted from Karger and Parnell (1996); Griggs (2002) and O'Regan (2000), using 5-point Likert scale; (1=No Emphasis; 5=Great Emphasis)
SPT	Strategic Planning Techniques	10 items adopted from Karger and Parnell (1996); Griggs (2002) and O'Regan (2000), using 5-point Likert scale; (1=No Emphasis; 5=Great Emphasis)
IKP	Involvement of Key Personnel	4 items adopted from Karger and Parnell (1996); Griggs (2002) and O'Regan (2000), using 5-point Likert scale; (1=No Emphasis; 5=Great Emphasis)
<b>Dependent Variables</b>		
PERF	Organisational Performance	5 items adopted from Venkatraman and Ramanujam (1986) and Pertusa-Ortega et al., 2010) using 5-point Likert scale; (1=Strongly affected; 5=Less affected)
<b>Control Variables</b>		
FA	Firm Age	1 categorical question converted to 1

Variables	Definition	Measurement
		dummy variable; 1 if the age of the SME is up to 10 years; 0 otherwise
FO	Firm Ownership	1 categorical question converted to 1 dummy variable; 1 if the SME is privately owned; 0 otherwise
FI	Firm Industry	1 categorical question converted to 1 dummy variable; 1 if the SMEs operate within Trade, Construction and Manufacturing sector ;0 otherwise

*Source:* Researcher

### 6.5.1 Results and Analysis of the Third Empirical Model

This section presents the results and analysis of the third empirical model that examine the impact of strategic planning practices on firms' performance. The regression results for this relationship will be illustrated and discussed. The multi-collinearity assumption was tested by calculating Variance Inflation Factor (VIF) to determine whether more than two predictor variables (independent variables) are highly correlated with each other or not (Brace et al., 2009). Results for multi-collinearity for the first empirical study shows that all predictors have VIF less than 10 and tolerance above 0.1, which demonstrates that predictors are not multi-collinear with each other (Myers, 1990 and Hair et al., 2011). The VIF and Tolerance values of each independent variable and control variables are presented in table 6.13.



**Table 6.13 VIF Test Results for the Third Empirical Model**

Coefficients <sup>a</sup>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Internal Orientation	0.467	2.139
	External Orientation	0.429	2.332
	Strategic Techniques	0.345	2.899
	Involvement of Key Personnel	0.507	1.971
	FA Dummy	0.922	1.085
	Firm Ownership Dummy	0.956	1.046
	Firm Industry Dummy	0.943	1.061
a. Dependent Variable: Organisational Performance			

The VIFs and Tolerance values for independent variables tested in the third empirical model, namely strategic planning techniques, involvement of key personnel, internal orientation and external orientation are within the acceptable limits. Results show that the maximum VIF for the independent variable - strategic planning techniques - is 2.899 and the minimum VIF value is 1.046 for the control variable - firm ownership. The minimum value of tolerance for the strategic planning techniques is 0.345. Therefore, VIFs and tolerance value for the first empirical model show that multi-collinearity does not appear to be a problem in the first empirical model.

The results of the Ordinary Least Square (OLS) multiple regression used in testing the impact of strategic planning practices on organisational performance are presented in the following table. Strategic planning techniques, involvement of key personnel, internal orientation and external orientation are the independent variables, while organisational performance is the dependent variable. Firm age, firm ownership and firm industry are the control variables.

**Table 6.14 Results of the Third Empirical Model**

<b>Variables</b>		<b>Equation 1 PERF</b>
<b>Constant</b>	<b>Expected Sign</b>	
	<b>Coefficients</b>	0.245
	<b>Standardised Beta</b>	
	<b>t-Values</b>	4.255
	<b>Significant</b>	0.000***
<b>IO</b>	<b>Expected Sign</b>	+
	<b>Coefficients</b>	0.071
	<b>Standardised Beta</b>	0.300
	<b>t-Values</b>	4.339
	<b>Significant</b>	0.000***
<b>EO</b>	<b>Expected Sign</b>	+
	<b>Coefficients</b>	0.068
	<b>Standardised Beta</b>	0.048
	<b>t-Values</b>	0.664
	<b>Significant</b>	0.507
<b>SPT</b>	<b>Expected Sign</b>	+
	<b>Coefficients</b>	0.082
	<b>Standardised Beta</b>	0.283
	<b>t-Values</b>	3.523
	<b>Significant</b>	0.000***
<b>IKP</b>	<b>Expected Sign</b>	+
	<b>Coefficients</b>	0.059
	<b>Standardised Beta</b>	0.039
	<b>t-Values</b>	0.582
	<b>Significant</b>	0.561
<b>FA</b>	<b>Expected Sign</b>	+
	<b>Coefficients</b>	0.090
	<b>Standardised Beta</b>	0.131
	<b>t-Values</b>	2.667

Variables		Equation 1 PERF
	Significant	0.008**
FO	Expected Sign	+
	Coefficients	0.114
	Standardised Beta	0.023
	t-Values	0.467
	Significant	0.641
FI	Expected Sign	-
	Coefficients	0.078
	Standardised Beta	-0.156
	t-Values	-3.200
	Significant	0.002**
# of Observations/Cases	283	283
Adjusted R Square		37.1%
R Square Change		38.7%
F-Statistics		24.768
ANOVA Sig.		0.000***
<b>Notes:</b> Dependent variable: Organisational Performance. Significance levels: *p<0.05; **p<0.01; ***p<0.001		

Strategic planning techniques, involvement of key personnel, internal orientation and external orientation are the attributes used to measure the independent variable - strategic planning practices, whereas organisational performance is the dependent variable. Firm age, firm ownership and firm industry are used as control variables or organisational specific variables. Strategic planning practices (independent variables) have been regressed against organisational performance (dependent variable). The adjusted R-square for this model was equal to 37.1%, which implies that only 37.1% of the variations in the performance of SMEs were determined by four sub-variables of

strategic planning practices, namely strategic planning techniques, involvement of key personnel, internal orientation and external orientation with the existence of the effect of firm age, firm ownership and firm industry, while the remaining 62.9% is attributed to other variables. The result reveals that the overall model is significant (sig=0.000\*\*\*;  $p < 0.01$ ). The multiple regression analysis in table 6.14 shows that the model fits at a good level. Also, the analysis shows that the F-statistic (24.768) is also significant at the  $p < 0.01$  level, indicating that the variance explained is also statistically significant. Hence, it could be argued that the results can be interpreted as meaning that the final model significantly improves our ability to predict the outcome variable (organisational performance).

Results from the regression analysis show that internal orientation aspect has a positive significant impact on organisational performance ( $B = 0.300$ ,  $p < 0.05$ ). Also, results indicate that t-value is 4.339. This result demonstrates that H1a has failed to be rejected. Also, it is suggested that internal orientation aspect has a significant impact on organisational performance beyond the effects of external orientation, strategic planning techniques and involvement of key personnel. This supports the findings of Aldehayyat (2011), which measured the impact of strategic planning on the performance of SMEs operating in the Middle Eastern countries. Also, the findings are consistent with the early findings of O'Regan and Ghobadian (2004), which showed a positive significant relationship between internal orientation and SMEs' performance.

External orientation aspect of strategic planning practices within SMEs has been regressed against organisational performance, where results from table 6.13 show that external orientation has a positive insignificant impact on organisational performance ( $B = 0.048$ ,  $p > 0.05$ ). Also, results indicate that t-value is 0.664. This result

demonstrates that H1b has been rejected. Also, it is suggested that external orientation has insignificant impact on organisational performance. This supports the findings of Laukkanen et al. (2013) in their study of the effect of strategic orientation on SMEs' business performance in Hungary and Finland, which showed a positive insignificant relationship between external orientation aspect of strategic planning practice and the performance of SMEs.

On the other hand, regression analysis in regard to strategic planning techniques shows that there is a positive significant impact on organisational performance ( $B = 0.283$ ,  $p < 0.05$ ). Also, the results indicate that the t-value is (3.523). This result demonstrates that H1c has failed to be rejected. Also, it is suggested that strategic planning technique has a positive significant impact on organisational performance beyond the effects of internal orientation, external orientation and involvement of key personnel. This supports the findings of Dibrell et al. (2014) on the impact of strategic planning techniques and its relationship with firm performance. Early findings of Gica and Negrusa (2011) showed a positive significant relationship between strategic planning techniques and the performance of SMEs.

Finally, the third empirical model demonstrates that involvement of key personnel in the strategic planning practices of SMEs has a positive insignificant impact on organisational performance ( $B = 0.039$ ,  $p > 0.05$ ). Also, the results indicate that the t-value is (0.582). This result demonstrates that H1s has been rejected. Also, it is suggested that involvement of key personnel has insignificant impact on organisational performance beyond the effects of internal orientation, external orientation and strategic planning techniques. The study conducted by Laukkanen et al. (2013) on the effect of strategic orientation on SMEs business performance in Hungary and Finland

showed a positive insignificant relationship between involvement of key personnel and the performance of SMEs. Also, the findings support Postma and Zwart's findings (2001), Guo and Cao (2013) and O'Regan and Ghobadian (2002).

As for the control variables, multiple regression analysis shows that firm age has a positive significant impact on organisational performance with (B 0.131,  $p < 0.05$ ). This supports the findings of Anderson et al. (2003), as well as the early findings of Anderson and Reeb (2003), which showed a positive insignificant relationship between firm age and SMEs' performance. Firm ownership has a positive insignificant impact on organisational performance (B = 0.023  $p > 0.05$ ) with t-value of 0.467. This supports the findings of Parvan et al. (2017), as well as the early findings of La Rocca et al (2011), which showed positive insignificant relationship between firm ownership and SMEs' performance. Firm industry shows a negative significant impact on organisational performance (B = -0.156,  $p < 0.05$ ) with t-value of (-3.200). This supports the findings of Ahmed and Abdel Hadi (2017), as well as the early findings of Anderson et al. (2003), which showed a negative significant relationship between firm industry and SMEs' performance.

To summarise the results of the third regression model of strategic planning practice (independent variable) against the organisational performance, it is obvious that two of the sub-hypotheses formulated earlier failed to be rejected, except H3b and H3d, which have been rejected due to either opposing coefficient or insignificance. Table 6.15 summarized the results of the sub-hypotheses testing for the third empirical model.

**Table 6.15 Summary of the Hypothesis testing for the Third Empirical Model**

Research Hypothesis	Beta	t-values	Results Null Hypothesis
H3. a: IO $\longrightarrow$ OP	0.300	4.339	Failed to reject
H3. b: EO $\longrightarrow$ OP	0.048	0.664	Rejected
H3.c: SPT $\longrightarrow$ OP	0.283	3.523	Failed to reject
H3. d: IKP $\longrightarrow$ OP	0.039	0.582	Rejected

### 6.5.2 Discussion of the Third Empirical Model

This section presents and discusses the findings of the third empirical model. The researcher will discuss the results in the light of the theoretical underpinning related to the leadership theories. Then the results of the empirical study will be related to previous scholars' studies conducted in the same field. The results will be linked to the theories at hand to find if the practice of leadership within SMEs operating in Egypt follow the organisational studies and resource-based view (RBV) theory or both. The second part of the discussion will be related to comparison of the empirical results of previous scholars' studies with the findings of this research.

The third empirical model tests the impact of different strategic planning practices, namely internal orientation, external orientation, strategic planning techniques and involvement of key personnel on Organisational performance of SMEs operating within the Egyptian context, where firm age, firm ownership and firm industry were selected as control variables to be used in the regression equation. Based on the existing literature and conceptual framework already developed in Chapter 3 on the practice of leadership styles and its impact on Organisational performance with different sizes and

on SMEs in particular, we proposed four hypotheses to test the impact of leadership styles on performance. The findings of the proposed hypotheses in relation to the three empirical models will be discussed.

According to Penrose (1959), a resource-based view theory focuses on capitalizing and leveraging the firm's asset by developing a competitive advantage. Beal (2000) stated that formal strategic planning practice will lead to better performance. Academic researchers agree on the important role played by strategic planning practice in improving firm performance (Delmar and Shane, 2003; Griggs, 2002; Jarzabkowski and Balgun, 2009). Delmar and Shane (2003) in their study found a positive impact of formal strategic planning on firm performance.

**H3a:** Strategic planning techniques have a significant impact organisational performance. (Null hypothesis, failed to reject).

The first hypothesis deals with the impact of the strategic planning technique like Political, Economic, Societal and Technological (PEST) analysis, Strength, Weakness, Opportunity and Threats (SWOT) analysis...etc. on firm performance. Findings from the third empirical model revealed that strategic planning techniques have a positive significant impact on firm performance. This finding is in line with the literature review on the strategic management field. Ersoy (2013) conducted a study on the choice and use of strategic planning tools and their impact on SMEs operating within the Turkish industry. The results revealed that Strategic planning tools are considered the main determinants of firm performance. Boyd (1991), based on 21 empirical studies conducted between 1970 and 1988, has found a strong correlation between strategic planning and firm performance. In the same fashion, Sarason and Tegarden (2003), based on their study, which focused on resource-based view, has found a positive



relationship between strategic planning practice and firm performance. Efendioglu and Karabulut (2010) in a study of the impact of strategic planning techniques on the financial performance of Turkish companies found a positive relationship between both variables. They suggested that planning techniques are considered the major determinants of financial success and performance.

**H3b:** Involvement of key personnel has a significant impact on organisational performance. (Null hypothesis, Rejected).

The second hypothesis deals with the importance of key personnel involvement in the strategic planning process; i.e., the involvement of firm owners and CEO in the strategic planning process. The findings show that there exists a positive but statistically insignificant impact on strategic planning process. In other words, CEO and business owners don't have a significant impact on the practice of strategic planning, as the practice of planning is carried out most of the time by employees who are in direct relationship with customers and have a direct relationship with the external environment. These findings are in line with the findings of Gica and Negrusa (2011), which suggested that strategic planning and involvement of key personnel do not have a significant impact on Transylvanian SMEs.

**H3c:** Internal orientation has a significant impact on organisational performance. (Null hypothesis, failed to reject).

The third hypothesis claims that practice and orientation to external orientation, like the focus on customer satisfaction and internal orientation, have a significant impact on the performance of SMEs. These findings are in line with the study conducted by Dubihlela and Sandada (2017), which suggests that there exists a positive relationship

between strategic planning and firm performance. Furthermore, the finding of the current study is in line with similar studies conducted in developing countries, which suggested the significant impact of strategic planning on firm performance (Al Ghamdi, 2005; Gica and Negrusa, 2011).

Aldehayyat and Twaissi (2011) conducted a similar study in a Middle Eastern country, namely Jordan, and they found that strategic planning is crucial for the success and development of small firms. Karus et al. (2006) conducted a study on the importance of formal strategic planning and its impact on performance, where findings show that there exists a high correlation between the practices of formal strategic planning on smaller firm performance.

**H3d:** External orientation has a significant impact on organisational performance. (Null hypothesis, Rejected).

The fourth hypothesis claims that the practice of external orientation, like the focus on customer satisfaction, has a positive insignificant impact on the performance of SMEs. These findings are in line with the study conducted by Dubihlela and Sandada (2017), which suggest that there exists a positive relationship between strategic planning and firm performance. Furthermore, the finding of the current study is in line with similar studies conducted in developing countries, which suggested the significant impact of strategic planning on firm performance (Baker et al., 1993; Berry, 1998; Peel and Pridge, 1998).

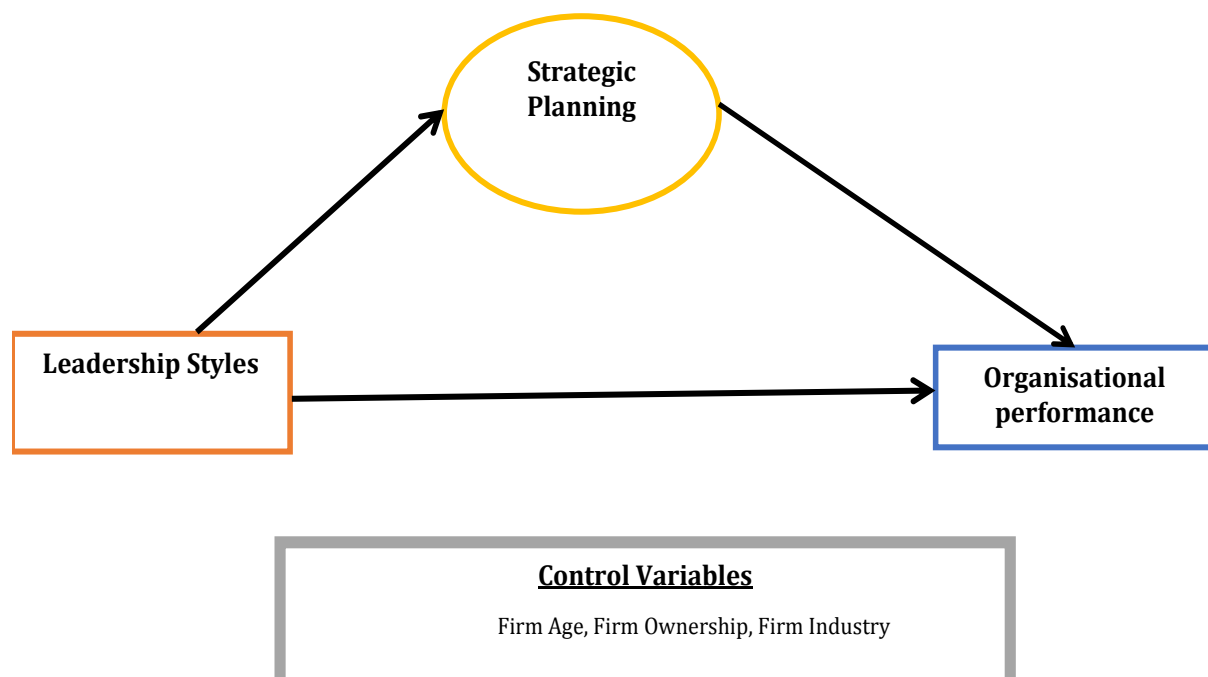
Firm age, ownership and industry were used as control variables in the third empirical model and results show that there exists a positive relationship between firm age and the performance of SMEs, which suggests that a firm with long-term planning tends to

achieve higher performance. Furthermore, these findings also concur with research conducted by Lyles et al. (1993), which suggested that the longer the time horizon of strategic planning, the more successful the small enterprise. Karus et al. (2006) reached the same conclusion by highlighting the importance of long-term strategic planning and its positive impact on performance. The second control variable is the firm ownership, which shows a positive but statistically insignificant impact on firm performance. Based on the statistical analysis of this research, more than one-third of the participant companies were privately owned, and the results suggest that ownership of SMEs doesn't affect the performance. In fact, as previously shown in the literature (Lioukas et al., 1993; Mallory et al., 1983) the performance of SMEs is highly related to the management style and the practice of strategic planning rather than ownership. Finally, firm industry was the third control variable used to test the third empirical model. The finding shows that firm industry is negatively related to firm performance. In other words, the findings reveal that the more the small firms face competition within the market they operate, the more they are likely going to be affected financially due to the obstacles and high competition, which is suggested in the literature review sub-section related to major challenges facing SMEs (see Stonehouse and Pemberton, 2002).

## 6.6 Fourth Empirical Model: Mediation Impact of Strategic Planning on the Relationship between Leadership-Performance

The Fourth empirical model examines whether strategic planning practices could mediate the impact of leadership styles (transformational, transactional and passive-avoidant) on the performance of SMEs operating within the Egyptian context. Four-step multiple regression analysis was employed to test the mediation impact of strategic planning on the leadership-performance relationship (Baron and Kenny, 1986).

**Figure 6.4 The mediation influence of strategic planning on Leadership-performance relationship**



The Fourth empirical model illustrates the fourth regression equation to test the mediation effects of strategic planning practice on the impact of leadership styles on organisational performance. Three regression equations were developed as suggested by Baron and Kenny's study (1986) as the process of testing mediation. The regression

equations include the following: leadership styles (Transformational, Transaction and Passive-Avoidant) as the independent variables, strategic planning practice as the mediator variable, while organisational performance is the dependent variable. Control variables used in testing the fourth model are firm age, firm ownership and firm industry.

Three main sub-hypotheses were formulated based on the literature review in order to test the first empirical model. Table 6.16 shows these 3 statements.

**Table 6.16 Hypothesis testing of the mediation effect of strategic planning on the relationship between leadership styles and Organisational performance**

Strategic planning as a mediator of the effect of leadership on SMEs financial performance	
<b>H4</b>	Strategic planning will mediate the effect of leadership styles on organisational performance.
<b>H4 a:</b>	Strategic planning will mediate the effect of transformational leadership style on organisational performance.
<b>H4 b:</b>	Strategic planning will mediate the effect of transactional leadership style on organisational performance.
<b>H4 c:</b>	Strategic planning will mediate the effect of passive-avoidant leadership style on organisational performance.

According to Baron and Kenny (1986), the process of testing for mediation is to estimate the indirect effect of the independent variable on the dependent variable by controlling for the mediator. They specify four steps for measuring the mediation effect;

*First step:* Indicates that the predictor variable is significantly associated with the outcome variable.

*Second step:* Indicates that the predictor variable is significantly associated with the mediator.

*Third step:* Indicates that the mediator is significantly associated with the outcome variable.

*Fourth step:* Indicates that the mediator completely or partially mediates the relationship between the predictor variable and the outcome variable (Baron and Kenny, 1986).

Following the process suggested by Baron and Kenny (1986) outlined above, multiple regression analysis has been used to test the mediation impact of strategic planning on the relationship between leadership styles and organisational performance:

1. Impact of leadership styles on performance
2. Impact of leadership styles on strategic planning
3. Impact of leadership styles and strategic planning on performance (mediation effect based on Baron and Kenny 1986).
4. The last step focuses on indicating the full or partial mediation of strategic planning on the relationship between the predictor and dependent variable (Baron and Kenny, 1986).

The proposed regression model is defined by the following equations:

**Mediation test:**

$$\text{PERF} = \alpha_0 + \alpha_1 \text{TFLS} + \alpha_2 \text{TALS} + \alpha_3 \text{PALS} + \alpha_4 \text{FA} + \alpha_5 \text{FO} + \alpha_6 \text{FI} + \mu \quad (\text{E4a})$$

$$\text{SPP} = \alpha_0 + \alpha_1 \text{TFLS} + \alpha_2 \text{TALS} + \alpha_3 \text{TALS} + \alpha_4 \text{FA} + \alpha_5 \text{FO} + \alpha_6 \text{FI} + \mu \quad (\text{E4b})$$

$$\text{PERF} = \alpha_0 + \alpha_1 \text{TFLS} + \alpha_2 \text{TALS} + \alpha_3 \text{PALS} + \alpha_4 \text{SPP} + \alpha_5 \text{FA} + \alpha_6 \text{FO} + \alpha_7 \text{FI} + \mu \quad (\text{E4c})$$

Where PERF is a measure of the performance of SMEs (dependent variable), TFLS is a measure of transformational leadership style (independent variable), TALS is a measure of transactional leadership style (independent variable), PALS is a measure of passive-avoidant leadership style (independent variable), and SPP is a measure of strategic planning practice (mediator variable). Finally, three control variables have been used to test the mediation, namely FA, which is a measure of firm age, FO, which is a measure of firm ownership and FI, which is a measure of firm industry.

The following table (6.17) explains and summarises the variables/constructs used in the fourth empirical model, the definition of each variable and the measurement are listed below.

**Table 6.17 Variables Definition and Measurement for the Third Empirical Model**

Variables	Definition	Measurement
<b>Independent Variables</b>		
TFLS	Transformational Leadership style	20 items adopted from Avolio and Bass (2004) using 5-point Likert scale; (0=Not at all; 4=Frequently)
TALS	Transactional Leadership style	8 items adopted from Avolio and Bass (2004) using 5-point Likert scale; (0=Not at all; 4=Frequently)

Variables	Definition	Measurement
PALS	Passive-avoidant Leadership style	8 items adopted from Avolio and Bass (2004) using 5-point Likert scale; (0=Not at all; 4=Frequently)
<b>Dependent Variable</b>		
PERF	Organisational Performance	5 items adopted from Venkatraman and Ramanujam (1986) and Pertusa-Ortega et al., (2010) using 5-point Likert scale; (1=Strongly affected; 5=Less affected)
<b>Mediator Variable</b>		
SPP	Strategic Planning Practice	21 items adopted from Karger and Parnell (1996); Griggs (2002) and O'Regan (2000), using 5-point Likert scale; (1=No Emphasis; 5=Great Emphasis)
<b>Control Variables</b>		
FA	Firm Age	1 categorical question converted to 1 dummy variable; 1 if the age of the SME is up to 10 years; 0 otherwise
FO	Firm Ownership	1 categorical question converted to 1 dummy variable; 1 if the SME is privately owned; 0 otherwise
FI	Firm Industry	1 categorical question converted to 1 dummy variables; 1 if the SMEs operate within Trade, Construction and Manufacturing sector; 0 otherwise

*Source:* Researcher

### 6.6.1 Results and Analysis of the Fourth Empirical Model

This section presents the results and analysis of the fourth empirical model that examine the mediation effects of strategic planning practice (mediator variable) on the impact of leadership styles on firm performance. The regression results for this



relationship will be illustrated and discussed in the following section. In fact, multi-collinearity assumption was tested by calculating Variance Inflation Factor (VIF) to determine whether more than two predictor variables (independent variables) are highly correlated with each other or not (Brace et al., 2009). Results for multi-collinearity for the fourth empirical study show that all predictors have VIF less than 10 and tolerance above 0.1, which demonstrates that predictors are not multi-collinear with each other (Myers, 1990 and Hair et al., 2011). The VIF and Tolerance values of each independent variable and control variables are presented in table 6.16.

**Table 6.18 VIF Test Results for the Fourth Empirical Model**

Coefficients <sup>a</sup>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Transformational Leadership Styles	0.564	1.773
	Transactional Leadership Styles	0.549	1.823
	Passive-avoidant Leadership Styles	0.946	1.057
	Strategic Planning Practices	0.716	1.397
a. Dependent Variable: Organisational Performance			

The VIFs and Tolerance values for the independent variables tested in the fourth empirical model, namely transformational, transactional and passive-avoidant are within the acceptable limits. In addition, the VIF and tolerance values of the mediator variable, namely strategic planning practice is within the acceptable limits. The results show that the maximum VIF for the independent variables - transactional leadership style - is 1.823 and the minimum value of tolerance for the transactional variable is 0.549. Also, the results reveal that strategic planning practices are not multi-collinear

with any variable from the independent variables (Leadership styles). Therefore, VIFs and tolerance value for the fourth empirical models show that multi-collinearity does not appear to be a problem while testing the mediation effect of strategic planning practice on leadership-performance relationship. The results of the Ordinary Least Square (OLS) linear regression used in testing the mediation effect of strategic planning practices on the impact of leadership styles on organisational performance are presented in the following tables.

### 6.6.2 Strategic Planning will mediate the Effect of Leadership Styles on Organisational Performance

The initial test of mediation conducted focuses specifically on Hypothesis 4, which proposes that strategic planning will mediate the effect of leadership styles on organisational performance. The table below summarises 4 steps for conducting analysis using linear regression analysis to test mediation (Baron and Kenny, 1986).

**Table 6.19 Results of the mediation effect of strategic planning on the impact of Leadership styles on organisational performance.**

Model	R square	B	Sig	Full/Partial Mediation
1)LS→OP	0.194	0.396	0.000***	
2) LS→SP	0.213	0.459	0.000***	
3) LS, SPP→OP	0.624	LS---0.166 SPP---0.499	0.002** 0.000***	Partial Mediation
<b>Notes:</b> Dependent variable: Organisational Performance. Significance levels: *p<0.05; **p<0.01; ***p<0.001				

The above table shows the 4 steps taken to test whether strategic planning practices will mediate the leadership styles and organisational performance using regression analysis. In all the models, control variables such as firm age, firm ownership and firm industry were included (see Appendix B for full mediation analysis). In the first step of mediation, the impact of leadership styles on organisational performance was calculated. Model 1 indicates that leadership styles have a significant impact on performance (B 0.396 p < 0.05). Model 2 shows that leadership styles (predictor) have a significant impact on strategic planning - the mediator variable (B 0.459 p < 0.05). The third step indicates that both the predictor and mediator have a significant impact on performance (LS- B 0.166 p < 0.05; SPP-B 0.499 p < 0.05 respectively). Step 4 deals with checking the standardised coefficient (B) of the predictor. When we compare the B for leadership of model 1 and 3, it shows that Beta reduced from (0.396 to 0.166). Leadership (predictor) still plays a significant role in both models (p < 0.05). If leadership styles are no longer significant when strategic planning is controlled, the finding supports full mediation. If the leadership is still significant (both leadership style and strategic planning significantly predict organisational performance), then the findings will indicate partial mediation. Based on the above result, we can conclude that there is no complete mediation, and strategic planning only partially mediates the relationship between leadership styles and organisational performance.

### 6.6.3 Strategic Planning will mediate the Effect of Transformational Leadership Style on Organisational Performance

The following analysis serves to test Hypothesis 4a, which posited that strategic planning mediates the impact of transformational leadership style on organisational performance. Regression analyses were used, as in Baron and Kenny's (1986) suggested methodology for testing mediation.

**Table 6.20 Results of the mediation effect of strategic planning on the impact of transformational leadership on organisational performance.**

Model	R square	B	Sig	Full/Partial Mediation
TFLS → OP	0.194	0.396	0.000***	
TFLS → SP	0.213	0.459	0.000***	
TFLS, SPP → OP	0.624	TFLS---0.166 SPP---0.499	0.002** 0.000***	Partial Mediation
<b>Notes:</b> Dependent variable: Organisational Performance. Significance levels: *p<0.05; **p<0.01; ***p<0.001				

Results of the multiple regression analysis revealed that 4 steps were taken to test whether strategic planning will mediate the relationship between transformational leadership style and organisational performance. In fact, the control variables, namely firm age, firm ownership and firm industry were used to test mediation (see Appendix B for full mediation analysis). Results of model 1 indicate that transformational leadership style has a significant impact on performance (B 0.396 p p<0.05). Model 2 shows that leadership styles (predictor) have a significant impact on strategic planning (mediator)

(B 0.459 p  $p < 0.05$ ). The third step indicates that both the predictor and mediator have a significant impact on performance (LS- B 0.166 p  $p < 0.05$ ; SPP-B 0.499 p  $p < 0.05$  respectively). Step 4 deals with checking the standardised coefficient (Beta) of the predictor. When we compare the Beta of transformational leadership from model 1 and 3, it shows that Beta reduced from (0.396 to 0.166). Transformational leadership (predictor) still has a significant effect in both models ( $p < 0.05$ ). If transformational leadership style is no longer significant in model 3 when strategic planning is controlled, the finding supports full mediation. If transformational leadership style is still significant (both transformational leadership style and strategic planning significantly predict organisational performance), the findings will indicate partial mediation. Based on the above result, we can conclude that there is no complete mediation, and strategic planning only partially mediates the impact of transformational leadership style on organisational performance. Thus, hypothesis H4a failed to be rejected.

#### **6.6.4 Strategic Planning will mediate the Effect of Transactional Leadership Style on Organisational Performance**

Additional regression analyses were conducted to test Hypothesis 4b, which posited that strategic planning mediates the impact of transactional leadership style on organisational performance. Table 6.21 summarises the results of the mediation analyses of the strategic planning practices effect on transformational leadership style on organisational performance.

**Table 6.21 Results of mediation effect of strategic planning on the impact of Transactional leadership on organisational performance.**

Model	R square	B (standardized)	Sig	Full/Partial Mediation
TALS→OP	0.179	0.379	0.000***	
TALS→SP	0.230	0.481	0.000***	
TALS, SPP→OP	0.381	TALS---0.133 SPP---0.512	0.015* 0.000***	Partial Mediation
<b>Notes:</b> Dependent variable: Organisational Performance.  Significance levels: *p<0.05; **p<0.01; ***p<0.001				

Table 6.21 shows the 4 steps taken to test whether strategic planning will mediate the relationship between transactional leadership style and organisational performance using regression analysis. Firm age, firm ownership and firm industry were used as control variables while testing mediation (see Appendix B for full mediation analysis). Results of linear regression in model 1 show that transactional leadership style has a significant impact on performance (B =0.379 p p<0.05). The result of step 2 shows that transactional leadership style (predictor) has a significant impact on strategic planning (mediator) (B =0.481 p p<0.05). The third step indicates that both the predictor and mediator have a significant impact on performance (TALS- B= 0.133 p<0.05; SPP-B= 0.512 p p<0.05 respectively). Step 4 deals with checking the standardised coefficient (B) of the predictor. When we compare the Beta for transactional leadership style of model 1 and 3, it shows that Beta reduced from (0.379 to 0.133). The results show that transactional leadership (predictor) was significant in model (1) and model (3) (p = 0.015). If Transactional leadership style is no longer significant in model 3 when strategic planning is controlled, the finding supports full mediation. If the transactional leadership is still significant (both transactional leadership style and strategic planning

significantly predict organisational performance), the findings will indicate partial mediation. Based on the above result, we can conclude that there is no complete mediation and strategic planning is only partially mediating the relationship between transactional leadership style and organisational performance. Thus, hypothesis H4b failed to be rejected.

#### 6.6.5 Strategic Planning will mediate the Effect of Passive-Avoidant Leadership Style on Organisational Performance

The following analysis serves to test Hypothesis 4c, which posited that strategic planning mediates the impact of Passive-Avoidant leadership style on organisational performance. Regression analyses were used, as in Baron and Kenny's (1986) methodology, to test for mediation. Results of multiple regression analyses are summarised in table 6.22.

**Table 6.22 Results of mediation effect of strategic planning on the impact of Passive-avoidant leadership on organisational performance.**

Model	Coefficients	Beta (standardized)	Sig	Full/Partial Mediation
PALS → OP	0.054	-0.128	0.030*	
PALS → SP	0.027	-0.156	0.009**	
PALS, SP → OP	0.369	PALS-- -0.039 SP---0.569	0.423 0.000***	Full Mediation
<b>Notes:</b> Dependent variable: Organisational Performance. Significance levels: *p<0.05; **p<0.01; ***p<0.001				

Table 6.22 shows regression analysis for testing whether strategic planning practices will mediate the impact of Passive-avoidant leadership styles on organisational performance. Control variables were included in all linear regressions, namely firm age, firm ownership and firm industry (see Appendix B for full mediation analysis). In the first step of mediation, the impact of passive-avoidant leadership style on organisational performance was calculated. The first step of analysing model 1 indicates that passive-avoidant leadership style has a significant impact on performance ( $B = -0.128$ ;  $p < 0.05$ ). In the second step, passive-avoidant was regressed against the mediator variable (strategic planning practices). Model 2 shows that passive-avoidant leadership style (predictor) has a significant impact on the mediator variable - strategic planning ( $B = -0.156$ ;  $p < 0.05$ ). The third step indicates that the predictor variable (passive-avoidant) has insignificant impact on performance ( $B = -0.039$   $p > 0.05$ ). Also, the result of model 3 shows that the mediator variable (strategic planning practices) still has a significant impact on performance ( $B = 0.569$ ;  $p < 0.05$ ). In the final step 4, the researcher checked the standardised coefficient (Beta) of the predictor, which resulted in comparing the Beta for leadership from model 1 and 3. The results show that Beta reduced from (-0.128 to -0.039). Also, passive-avoidant leadership (predictor) Beta coefficients has become insignificant in model 3 ( $p = 0.423$ ). According to the study conducted by Baron and Kenny (1986), if passive-avoidant leadership style is no longer significant when strategic planning is controlled, the finding supports full mediation. If passive-avoidant is still significant (both leadership style and strategic planning significantly predict organisational performance), then the findings indicate partial mediation. Based on the above result, we can conclude that there is complete mediation, and strategic planning practices fully mediate the impact of passive-avoidant leadership style on organisational performance. Thus, Hypothesis H4C has failed to be rejected.



To sum up the abovementioned, we can conclude by testing whether strategic planning practices will mediate the impact of leadership styles (transformational, transactional and passive-avoidant) on organisational performance. In doing so we found that: (1) strategic planning partially mediates the impact of leadership styles on performance; (2) the impact of transformational leadership style on organisational performance is partially mediated by strategic planning practices; (3) strategic planning partially mediates the impact of transactional leadership style on organisational performance; (4) the impact of passive-avoidant leadership style on organisational performance is fully mediated by strategic planning practices with the existence of control variable (firm age, firm ownership and firm industry). The below table (6.23) summarized the results of the hypothesis testing for the fourth empirical model.

**Table 6.23 Summary of Hypothesis testing for the Fourth Empirical Model**

Research Hypothesis	Results	Results Null Hypothesis
H4: LS → SP → OP	Partial mediation	Failed to reject
H4 a: TFL → SP → OP	Partial mediation	Failed to reject
H4 b: TAL → SP → OP	Partial mediation	Failed to reject
H4 c: PAL → SP → OP	Full mediation	Failed to reject

#### 6.6.6 Discussion of the Fourth Empirical Model

To summarize the results of the fourth empirical model, results will be discussed in the light of theoretical underpinning related to leadership, strategic planning and performance theories. Then the results of the empirical study will be related to previous scholars' studies conducted in the same field. The fourth empirical model tests the

mediation impact of strategic planning practices on leadership-performance relationship of SMEs operating within the Egyptian context. Firm age, firm ownership and firm industry were chosen as control variables to control the effect of independent variables in the regression equations.

This empirical study focused on testing strategic planning practice as a mediator in the relationship between leadership styles and the performance of SMEs operating within the Egyptian context. This empirical study presents new contribution to the existing body of knowledge related to the resource-based view theory, leadership theories and firm performance. It is the first study to report the strategic planning practice of SMEs operating in the Middle East and North African (MENA) region, especially within the Egyptian context. Furthermore, the study focused on the indirect relationship that exists between the leadership styles and Organisational performance, as the first study to test the mediation impact of strategic planning practice on the leadership-performance relationship for SMEs operating within a new, emerging market such as Egypt.

Previous research focused on the direct relationship between leadership and performance, leadership and strategic planning or strategic planning and performance with little attention given to the indirect role played by the importance of strategic planning practice in facilitating the relationship between different leadership styles and firm performance (Rigas and Nawar, 2016).

**H4:** Strategic planning will mediate the effect of leadership styles on organisational performance. (Null hypothesis, failed to reject).

The overall hypothesis for the fourth empirical model is to test whether strategic planning practice will mediate the relationship between different leadership styles and

the performance of SMEs. Four different steps were employed, using regression analysis to test the mediation impact of strategic planning (Baron and Kenny, 1986). The findings demonstrate that strategic planning partially mediates the relationship between leadership styles, namely transformational, transactional and passive-avoidant leadership and the performance of SMEs operating within the Egyptian context. In other words, the findings illustrate the importance of strategic planning practices like internal orientation, external orientation, the use of strategic planning techniques and key involvement of SME owners and CEO in facilitating the relationship between different leadership styles and the overall performance of SMEs. In order to test the indirect relationship using mediation hypothesis, the direct relationship between leadership styles on performance and leadership on strategic planning have shown a positive relationship between leadership and the proposed mediation and leadership and performance. These findings were in line with the previous studies conducted to check the direct relationship between leadership styles and performance (Bass, 1985; Howell and Avolio, 1996; Murigi, 2013). On the other hand, the impact of leadership style on strategic planning is well documented in the strategic management literature. Ogbeide and Harrington (2011) conducted a study on the impact of leadership on strategy implementation and found that leadership predicts the implementation of strategic planning implementation in the United States of America. Koech and Namusunge (2012) highlighted the important role played by SME managers in the strategic planning practice.

**H4a:** Strategic planning will mediate the effect of transformational leadership styles on organisational performance. (Null hypothesis, failed to reject).

The first sub-hypothesis tests the mediation effect of strategic planning on transformational leadership and firm performance. The hypothesis proposed that strategic planning practice will facilitate the role of motivational and inspirational leadership impact on performance. The finding shows that strategic planning will partially mediate the impact of transformational leadership on firm performance. The finding is consistent with previous researchers' findings that strategic planning mediates the impact of leadership styles on performance (Kihara et al., 2016; O'Regan et al., 2007; Aragon-Correa et al., 2008; O'Regan et al., 2005; Ling et al., 2008).

**H4b:** Strategic planning will mediate the effect of transactional leadership styles on organisational performance. (Null hypothesis, failed to reject).

The second hypothesis tests whether strategic planning will mediate the impact of transactional leadership and the performance of SMEs. The findings revealed that strategic planning partially mediates the impact of transactional leadership on firm performance. In other words, transactional leaders who rely heavily on using exchange methods in their relationship with their subordinates. Based on the analysis, we can conclude that strategic planning partially mediates the impact of transactional leadership style on firm performance. The research findings are line with Kihara et al. (2016), who suggested that the impact of leadership styles on performance is mediated by the existence of strategic planning practices within SMEs sector. The findings are consistent with earlier findings, which demonstrated that strategic planning mediates the impact of leadership styles on performance (O'Regan et al., 2007; Aragon-Correa et al., 2008; O'Regan et al., 2005; Ling et al., 2008).

**H4c:** Strategic planning will mediate the effect of passive-avoidant leadership styles on organisational performance. (Null hypothesis, failed to reject).

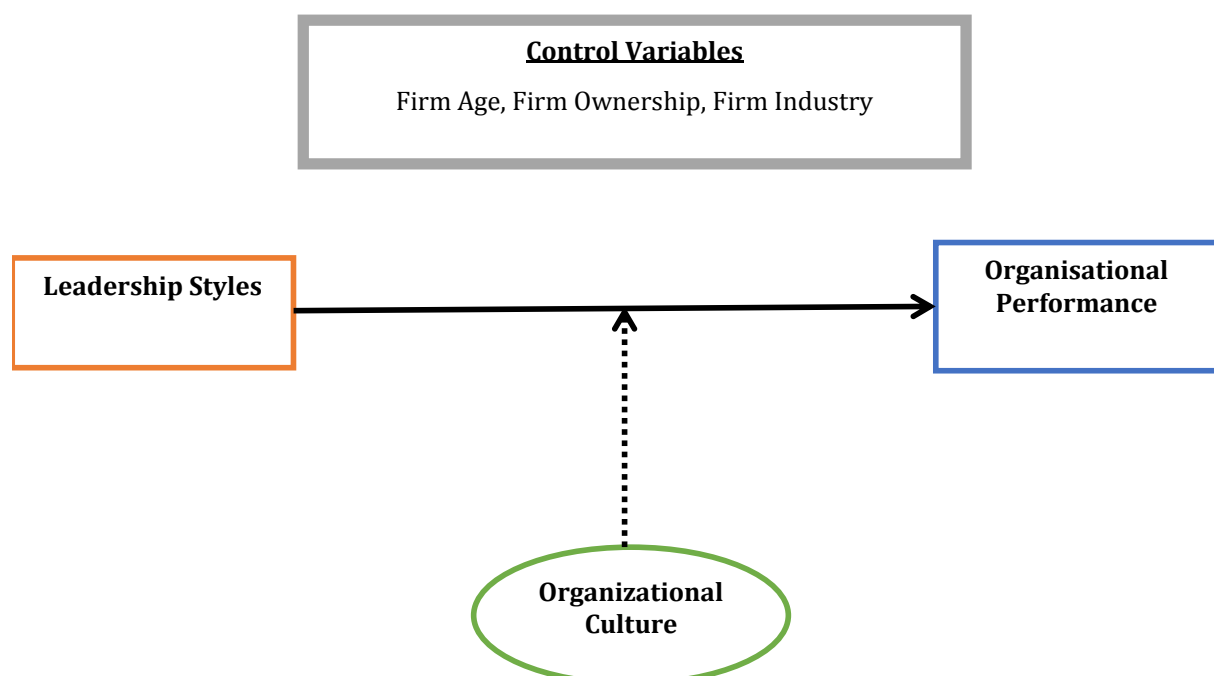
The last hypothesis of the fourth model suggests that the non-leadership style of the passive-avoidant style will have an impact on firm performance through the mediation impact of strategic planning. When this hypothesis was tested using Baron and Kenny's (1985) method for testing mediation, the finding shows that the third regression was significant. Therefore, the findings reveal that strategic planning fully mediates the impact of passive-avoidant leadership style on organisational performance, where passive-avoidant impacts firm performance. These findings are in line with Koech and Namusunge's study (2012), which suggested that non-leadership style is significantly associated with the performance of SMEs. In the same fashion, Chege et al. (2015) found that passive-avoidant leadership has a significant impact on the performance of SMEs operating in Nairobi. The findings are consistent with previous researchers' findings that strategic planning mediates the impact of leadership styles on performance (Kihara et al., 2016; O'Regan et al., 2007; Aragon-Correa et al., 2008; O'Regan et al., 2005; Ling et al., 2008).

To sum up the abovementioned based on the finding of the fourth empirical model, we can conclude the following: 1) this is the first empirical model to test mediation impact of strategic planning practice on the relationship between leadership styles and the performance of SMEs within the Egyptian context; 2) strategic planning will fully mediate the impact of passive-avoidant leadership and performance; 3) there is a significant partial mediation by strategic planning and the impact of transformational and transactional leadership styles on firm performance; 4) finally, strategic planning partially mediates the impact of leadership styles and the performance of SMEs.

## 6.7 Empirical model 5: Moderation Impact of Organisational Culture on the Relationship between Leadership and Performance

After examining the mediation effect of strategic planning practice on the leadership-performance relationship in the fourth empirical model within the core model, this section is dedicated to testing the moderation effect of organisational culture. The Fifth empirical model explores the effect of organisational culture dimensions, namely Clan culture, Adhocracy, Market and Hierarchy culture on the impact of leadership styles (Transformational, Transactional and Passive-Avoidant) on organisational performance. Multiple regression analysis was employed to test the relationship between variables under investigation. Figure 6.5 illustrates the moderation effect of organisational culture on leadership-performance relationship.

**Figure 6.5 Moderation effect of organisational culture on leadership-performance relationship**



The fifth empirical model illustrates the formulated regression equations to test the impact of leadership styles on organisational performance through the moderations effect of organisational culture dimensions. The Regression equation includes leadership styles as the independent variable, organisational culture dimensions as the moderator variable, and organisational performance as the dependent variable. The control variables used in testing this model are firm age, firm ownership and firm industry. The fifth hypotheses derived from the literature review are about the moderating effects of organisational culture (OC) on the relationship between leadership styles and organisational performance within Egyptian SMEs. Three main sub-hypotheses were formulated based on the literature review in order to test the fifth empirical model. Table 6.24 shows proposed research hypotheses for the fifth empirical model.

**Table 6.24 Hypothesis testing for the Fifth Empirical Model**

<b>Moderation impact of organisational culture types on leadership-performance relationship</b>	
<b>H5</b>	<b>Organisational culture will moderate the impact of leadership styles on organisational performance.</b>
<b>H5a-1:</b>	Clan culture will moderate the impact of transformational leadership on organisational performance.
<b>H5a-2:</b>	Clan culture will moderate the impact of transactional leadership on organisational performance.
<b>H5a-3:</b>	Clan culture will moderate the impact of passive-avoidant leadership on organisational performance.
<b>H5b-1:</b>	Adhocracy culture will moderate the impact of transformational leadership on organisational performance.
<b>H5b-2:</b>	Adhocracy culture will moderate the impact of transactional leadership on organisational performance.

<b>H5b-3:</b>	Adhocracy culture will moderate the impact of passive-avoidant leadership on organisational performance.
<b>H5b-1:</b>	Market culture will moderate the impact of transformational leadership on organisational performance.
<b>H5c-2:</b>	Market culture will moderate the impact of transactional leadership on organisational performance.
<b>H5c-3:</b>	Market culture will moderate the impact of passive-avoidant leadership on organisational performance.
<b>H5d-1:</b>	Hierarchy culture will moderate the impact of transformational leadership on organisational performance.
<b>H5d-2:</b>	Hierarchy culture will moderate the impact of transactional leadership on organisational performance.
<b>H5d-3:</b>	Hierarchy culture will moderate the impact of passive-avoidant leadership on organisational performance.

After examining the direct impact of the independent variable of the study (leadership styles) on performance and strategic planning in the first 3 empirical models using control variable, the research tested the first indirect relationship between constructs under investigation in the fourth empirical model - the mediation effect of strategic planning on the relationship between leadership and performance. The next step is to examine the moderating effect of organisational culture dimensions (Clan, Market, Adhocracy, and Hierarchy) on leadership-performance of SMEs operating within the Egyptian context.

According to Baron and Kenny, (1986) and Aiken and West (1991), a moderator construct is described as the output of the interaction between the independent and dependent variables, where the new cross-product could affect the strength or direction



of the relationship between the independent and dependent variables (predictor and outcome) either by enhancing or reducing the relationship or even by changing the direction and influence of the predictor.

To test the moderation impact of organisational culture dimensions, the current study employed 4 steps of testing moderation suggested by Baron and Kenny (1986). The moderating impact of organisational culture will be tested using with multiple regression analysis, including all predictor variables and control variables and their interaction term in order to test moderation and discuss the interpretation of the Baron and Kenny (1986) suggested that some conditions be applied before confirming moderation effect using the regression coefficient:

- 1- Suggested moderator should not have a direct impact (significant) on the dependent variable.
- 2- Moderator hypothesis is supported and confirmed if the new cross product has a significant relationship with the independent variable.

Below are the 4 steps for testing moderation based on Baron and Kenny:

- 1- Testing the impact of the predictor variable on the dependent variable, the results of the first model should be significant.
- 2- Adding suggested moderator variable in the regression equation along with the predictor variable and other control variables, the suggested moderator should not be significant.

- 3- Creating a new latent construct through the interaction between the predictor and potential moderator to create a new cross product to be used for testing moderation.
- 4- In the fourth step, to confirm the existence of moderation in the regression equation, the new cross product should be significant (P value less than 0.05).

Arnold (1982) asserted that moderated regression analysis provides the most straightforward method for testing hypotheses in which an interaction term is applied. Therefore, hierarchical regression analysis with organisational performance as the dependent variable was performed. The main effects of the transformational, transactional and passive-avoidant leadership styles were entered first, followed by the interaction terms of organisational culture dimensions. The procedure eliminated the main effect of leadership prior to examining the interaction effect (Stone and Hollenbeck, 1989). Moreover, entering all the interaction terms simultaneously controlled the possible multi-collinearity among the variables (Becerra-Fernandez and Sabherwal, 2001). The proposed hypothesis tests whether the organisational culture dimensions (Clan, Adhocracy, Market and Hierarchy) will moderate the impact of leadership styles on organisational performance. In other words, the researcher tests whether organisational culture dimensions will strengthen the impact of leadership styles on organisational performance. To test the moderation impact of organisational culture using regression analysis, all the variables have been standardised by computing the Z score using SPSS V.24. Interaction variables were then computed by creating cross product through the multiplication of each dimension of culture with each individual independent variable (Baron and Kenny, 1986). Firm age, firm ownership and firm industry were used as moderators in the multiple regression analysis. In fact, this study

incorporates the Moderated Causal Steps Approach or moderated regression analysis suggested by Baron and Kenny (1986). The moderating impact of organisational culture dimensions tested with multiple regression analysis were all predictor variables and their interaction term were run prior to model estimation in order to improve our interpretation of the regression coefficient (Fairchild and MacKinnon, 2009).

The proposed regression model is defined by the following equations:

**Moderation test:**

$$PERF = \alpha_0 + \alpha_1 TFLS + \alpha_2 TALS + \alpha_3 PALS + \alpha_4 FA + \alpha_5 FO + \alpha_6 FI + \mu \quad (E5a)$$

$$PPERF = \alpha_0 + \alpha_1 TFLS + \alpha_2 TALS + \alpha_3 PALS + \alpha_4 OC + \alpha_5 FA + \alpha_6 FO + \alpha_7 FI + \mu \quad (E5b)$$

$$PERF = \alpha_0 + \alpha_1 TFLS + \alpha_2 TALS + \alpha_3 PALS + \alpha_4 LS * OC + \alpha_5 FA + \alpha_6 FO + \alpha_7 FI + \mu \quad (E5c)$$

Where PERF is a measure of the performance of SMEs, TFLS is a measure of transformational leadership style, TALS is a measure of transactional leadership style, PALS is a measure of passive-avoidant leadership style. As for moderator variables, CC is a measure of clan culture, AC is a measure of adhocracy culture, MC is a measure of market culture, and HC is a measure of hierarchy culture. As per control variables, FA is a measure of firm age, FO is a measure of firm ownership, and FI is a measure of firm industry.

The following table (6.25) explains and summarises the variables/constructs used in this research, the definition of each variable and the measurement of each variable is listed below.

**Table 6.25 Variables Definition and Measurement for the Fifth Empirical Model**

Variables	Definition	Measurement
<b>Independent Variables</b>		
TFLS	Transformational Leadership style	20 items adopted from Avolio and Bass (2004) using 5-point Likert scale; (0=Not at all; 4=Frequently)
TALS	Transactional Leadership style	8 items adopted from Avolio and Bass (2004) using 5-point Likert scale; (0=Not at all; 4=Frequently)
PALS	Passive-avoidant Leadership style	8 items adopted from Avolio and Bass (2004) using 5-point Likert scale; (0=Not at all; 4=Frequently)
<b>Dependent Variable</b>		
PERF	Organisational Performance	5 items adopted from Venkatraman and Ramanujam (1986) and Pertusa-Ortega et al. (2010) using 5-point Likert scale; (1=Strongly affected; 5=Less affected)
<b>Moderator Variables</b>		
CC	Clan Culture	6 items adopted from Cameroun and Quinn (2011) using 5-point Likert scale; (1=Strongly Disagree; 5=Strongly Agree)

Variables	Definition	Measurement
AC	Adhocracy Culture	6 items adopted from Cameroun and Quinn (2011) using 5-point Likert scale; (1=Strongly Disagree; 5=Strongly Agree)
MC	Market Culture	6 items adopted from Cameroun and Quinn (2011) using 5-point Likert scale; (1=Strongly Disagree; 5=Strongly Agree)
HC	Hierarchy Culture	6 items adopted from Cameroun and Quinn (2011) using 5-point Likert scale; (1=Strongly Disagree; 5=Strongly Agree)
<b>Control Variables</b>		
FA	Firm Age	1 categorical question converted to 1 dummy variable; 1 if the age of the SME is up to 10 years; 0 otherwise
FO	Firm Ownership	1 categorical question converted to 1 dummy variable; 1 if the SME is privately owned; 0 otherwise
FI	Firm Industry	1 categorical question converted to 1 dummy variables; 1 if the SMEs operate within Trade, Construction and Manufacturing sector; 0 otherwise

*Source:* Researcher

### 6.7.1 Results and Analysis of the Fifth Empirical Model

This section presents the results and analysis of the fifth empirical model that examine the moderation influence of organisational culture dimensions (moderator variables) on the impact of leadership styles on firms' performance. The regression results for this relationship will be illustrated and discussed in the following section. The multi-collinearity assumption was tested by calculating Variance Inflation Factor (VIF) to determine whether more than two predictor variables (independent variables) and moderator variables are highly correlated with each other or not (Brace et al., 2009). Results for multi-collinearity for the fifth empirical study show that all predictors including moderator variables and control variables have VIF less than 10 and tolerance above 0.1, which demonstrate that predictors are not multi-collinear with each other (Myers, 1990 and Hair et al., 2011). The VIF and Tolerance values of each independent variable, moderator variables and control variables are presented in table 6.26.

**Table 6.26 VIF Results for the Fifth Empirical Model**

Coefficients <sup>a</sup>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Transformational Leadership Styles	0.557	1.795
	Transactional Leadership Styles	0.550	1.820
	Passive-avoidant Leadership Styles	0.944	1.060
	Clan Culture	0.544	1.839
	Adhocracy Culture	0.456	2.194
	Market Culture	0.602	1.661
	Hierarchy Culture	0.646	1.548
a. Dependent Variable: Organisational Performance			

The VIFs and Tolerance values for independent variables tested in the fifth empirical model, namely transformational, transactional and passive-avoidant are within the

acceptable limits. In addition, the VIF and tolerance of the moderator variables, namely clan, adhocracy, market and hierarchy culture are within the acceptable limits. The results show that the maximum VIF for independent variables in transactional leadership style is 1.820 and the minimum value of tolerance for the transactional variable is 0.550. Also, the results reveal that organisational culture dimensions are not multi-collinear with any variable from the independent variables (Leadership styles). The maximum VIF for the moderator variable - adhocracy culture - is 2.194, with a minimum tolerance of 0.456. Therefore, VIFs and tolerance value for the fifth empirical models show that multi-collinearity does not appear to be a problem while testing the moderation effect of organisational culture dimensions on leadership-performance relationship. The results of the Ordinary Least Square (OLS) linear regression used in testing the moderation effect of organisational culture dimensions on the impact of leadership styles on organisational performance are presented in the following tables.

#### **6.7.2 Clan Culture will moderate the Impact of Leadership Styles on Organisational Performance**

The initial test of moderation conducted focuses specifically on Hypothesis 5 A, which hypothesizes that Clan Culture will moderate the impact of leadership styles on organisational performance. The table below illustrates the steps of the moderation analysis taken using linear regression analysis to test moderation (Baron and Kenny, 1986).

**Table 6.27 Results of Testing Moderation Impact of Clan Culture on leadership-Performance relationship.**

	Model	R Square	Beta (standardized)	Sig	Results /Outcome
<b>A) Testing Moderation effect of Clan Culture (CC) on the impact of Transformational Leadership on Performance</b>					
1	TFLS → OP	0.194	0.396	0.000***	
2	TFLS, CC → OP	0.197	TFLS=0.375 CC=0.061	0.000*** 0.290	
3	TFLS, CC, TFLS*CC → OP	0.199	TFLS=0.369 CC=0.054 TFLS*CC= -0.046	0.000*** 0.355 0.414	No Moderation
<b>B) Testing Moderation effect of Clan Culture (CC) on the impact of Transactional Leadership Performance on Performance</b>					
1	TALS → OP	0.179	0.379	0.000***	
2	TALS, CC → OP	0.181	TALS=0.361 CC= 0.046	0.000 0.441	
3	TALS, CC, TALS*CC → OP	0.182	TALS=0.365 CC=0.057 TALS*CC=0.037	0.000 0.359 0.529	No Moderation
<b>c) Testing Moderation effect of Clan Culture (CC) on the impact of Passive-Avoidant Leadership on Performance</b>					
1	PALS → OP	0.054	PALS=-0.128	0.030	
2	PALS, CC → OP	0.084	PALS= -0.109 CC=0.175	0.063 0.003	No Moderation
<b>Notes:</b> Dependent variable: Organisational Performance. Significance levels: *p<0.05; **p<0.01; ***p<0.001					

The moderation regression analysis conducted to test whether clan culture will moderate the impact of leadership styles (transformational, transactional and passive-avoidant) on organisational performance was carried out using 4 different regression analyses as summarised in table 6.27 (see Appendix B for full moderation analysis).

The first moderation analysis dealt with testing moderation analysis of clan culture on



the impact of transformational leadership on organisational performance. Whereas in the first step, transformational leadership was regressed against organisational performance. The result of model 1 shows that transformational leadership style has a significant impact on performance ( $B = 0.396$ ;  $p < 0.05$ ). The second step shows that transformational leadership (predictor) and Clan culture (moderator) were regressed against organisational performance (dependent). The results indicate that transformational leadership still has a significant impact on performance ( $B = 0.375$ ;  $p < 0.05$ ) and clan culture (moderator) has insignificant impact on performance ( $B = 0.061$ ;  $p > 0.05$ ). The third step shows the creation of new cross product variable results from the interaction of standardised values of the predictor (transformational leadership) and the moderator (clan culture). Model 3 indicates that transformational leadership has a significant impact on performance ( $B = 0.369$ ;  $p < 0.05$ ), while clan culture has insignificant impact on performance ( $B = 0.054$ ;  $p > 0.05$ ). Also, the new interaction variable (TFLS\*CC) has insignificant impact on organisational performance ( $B = 0.046$ ;  $p > 0.05$ ). According to Baron and Kenny's study (1986), if the moderator (the result of a new interaction term) has a significant impact on the dependent variable, the finding supports the existence of moderation between the predictor and the outcome variable. Based on the above result, we can conclude that there is no moderation, and clan culture cannot moderate the impact of transformational leadership on performance, as the interaction product shows insignificant relationship.

The second moderation analysis dealt with testing moderation analysis of clan culture on the impact of transactional leadership on organisational performance. In the first step, transactional leadership was regressed against organisational performance. Model 1 result shows that transactional leadership style has a significant impact on

performance ( $B = 0.379$ ;  $p < 0.05$ ). The second step shows that transactional leadership (predictor) and Clan culture (moderator) were regressed against organisational performance (dependent). The results indicate that transactional leadership has a significant impact on performance ( $B = 0.361$ ;  $p < 0.05$ ) and clan culture (moderator) has insignificant impact on performance ( $B = 0.046$ ;  $p > 0.05$ ). The third step shows the creation of new cross-product variable results from the interaction of standardised values of the predictor (transactional leadership) and the moderator (clan culture). Model 3 indicates that transactional leadership has a significant impact on performance ( $B = 0.365$ ;  $p < 0.05$ ), while clan culture has insignificant impact on performance ( $B = 0.057$ ;  $p > 0.05$ ). Also, the new interaction variable (TALS\*CC) has insignificant impact on organisational performance ( $B = 0.037$ ;  $p > 0.05$ ). According to Baron and Kenny's (1986), if the moderator (the result of a new interaction term) has a significant impact on the dependent variable, the finding supports the existence of moderation between the predictor and outcome variable. Based on the above result, we can conclude that there is no moderation, and clan culture cannot moderate the impact of transactional leadership on performance, as the interaction product shows insignificant relationship.

The last moderation analysis as shown in table 6.27 tests the moderation effect of clan culture on the impact of passive-avoidant leadership on organisational performance. In the first step, transactional leadership was regressed against organisational performance. Model 1 result shows that passive-avoidant leadership style has a significant impact on performance ( $B = 0.128$ ;  $p < 0.05$ ). The second step shows that passive-avoidant leadership (predictor) and Clan culture (moderator) were regressed against organisational performance (dependent). The results indicate that passive-avoidant leadership has insignificant impact on performance ( $B = 0.109$ ;  $p > 0.05$ ) and

clan culture (moderator) has a significant impact on performance ( $B = 0.175$ ;  $p < 0.05$ ). Based on the above result, we can conclude that there is no moderation, and clan culture cannot moderate the impact of passive-avoidant leadership on performance.

To sum up the abovementioned, we can conclude that clan culture is not a moderator of the relationship between different leadership styles (transformational, transactional and passive-avoidant) and organisational performance.

### **6.7.3 Adhocracy Culture will moderate the Impact of Leadership Styles on Organisational Performance**

This section presents the results and analysis of testing Hypothesis 5B, which hypothesizes that Adhocracy Culture will moderate the impact of leadership styles on organisational performance. The table below illustrates the steps of the moderation analysis conducted using linear regression analysis to test moderation (Baron and Kenny, 1986).

**Table 6.28 Results of Testing Moderation Impact of Adhocracy Culture on leadership-Performance relationship.**

	Model	R Square	Beta (standardized)	Sig	Results /Outcome
<b>A) Testing Moderation effect of Adhocracy Culture (AC) on the impact of Transformational Leadership on Performance</b>					
1	TFLS→ OP	0.194	0.396	0.000***	
2	TFLS, AC→ OP	0.194	TFLS=0.398 AC=-0.008	0.000*** 0.886	
3	TFLS, AC, TFLS*CC→OP	0.195	TFLS=0.402 AC=-0.003 TFLS*AC= -0.032	0.000*** 0.962 0.570	No Moderation
<b>B) Testing Moderation effect of Adhocracy Culture (AC) on the impact of Transactional Leadership on Performance</b>					
1	TALS→OP	0.179	0.379	0.000***	
2	TALS, AC→OP	0.179	TALS =0.374 AC =0.019	0.000 0.745	
3	TALS, AC, TALS*AC→ OP	0.179	TALS =0.375 AC =0.020 TALS*AC =0.015	0.000 0.734 0.784	No Moderation
<b>C) Testing Moderation effect of Adhocracy Culture (AC) on the impact of Passive-Avoidant Leadership on Performance</b>					
1	PALS→OP	0.054	-0.128	0.030	
2	PALS, AC→OP	0.069	PALS =-0.125 AC =0.123	0.034 0.038	No Moderation
<b>Notes:</b> Dependent variable: Organisational Performance. Significance levels: *p<0.05; **p<0.01; ***p<0.001					

The moderation regression analysis conducted to test whether adhocracy culture will moderate the impact of leadership styles (transformational, transactional and passive-avoidant) on organisational performance was conducted using 4 different regression analyses as summarised in table 6.28 (see Appendix B for full moderation analysis).

The first moderation analysis dealt with testing the moderation analysis of adhocracy

culture on the impact of transformational leadership on organisational performance. In the first step, transformational leadership was regressed against organisational performance. Model 1 result shows that transformational leadership style has a significant impact on performance ( $B = 0.396$ ;  $p < 0.05$ ). The second step shows that transformational leadership (predictor) and adhocracy culture (moderator) were regressed against organisational performance (dependent). The results indicate that transformational leadership still has a significant impact on performance ( $B = 0.398$ ;  $p < 0.05$ ) and adhocracy culture (moderator) has insignificant impact on performance ( $B = -0.008$ ;  $p > 0.05$ ). The third step shows the creation of new cross-product variable results from the interaction of standardised values of the predictor (transformational leadership) and the moderator (adhocracy culture). Model 3 indicates that transformational leadership has a significant impact on performance ( $B = 0.402$ ;  $p < 0.05$ ), while adhocracy culture has insignificant impact on performance ( $B = -0.003$ ;  $p > 0.05$ ). Also, the new interaction variable (TFLS\*AC) has insignificant impact on organisational performance ( $B = -0.032$ ;  $p > 0.05$ ). According to Baron and Kenny's study (1986), if the moderator (the result of a new interaction term) has a significant impact on the dependent variable, the finding supports the existence of moderation between the predictor and outcome variable. Based on the above result, we can conclude that there is no moderation, and adhocracy culture cannot moderate the impact of transformational leadership on performance, as the interaction product shows insignificant relationship.

The second moderation analysis dealt with testing the moderation analysis of adhocracy culture on the impact of transactional leadership on organisational performance. In the first step, transactional leadership was regressed against organisational performance.

Model 1 result shows that transactional leadership style has a significant impact on performance ( $B = 0.379$ ;  $p < 0.05$ ). The second step shows that transactional leadership (predictor) and adhocracy culture (moderator) were regressed against organisational performance (dependent). The results indicate that transactional leadership has a significant impact on performance ( $B = 0.374$ ;  $p < 0.05$ ) and adhocracy culture (moderator) has insignificant impact on performance ( $B = 0.019$ ;  $p > 0.05$ ). The third step shows the creation of new cross-product variable results from the interaction of standardised values of the predictor (transactional leadership) and the moderator (adhocracy culture). Model 3 indicates that transactional leadership has a significant impact on performance ( $B = 0.375$ ;  $p < 0.05$ ), while adhocracy culture has insignificant impact on performance ( $B = 0.020$ ;  $p > 0.05$ ). Also, the new interaction variable (TALS\*AC) has insignificant impact on organisational performance ( $B = 0.015$ ;  $p > 0.05$ ). According to Baron and Kenny's study (1986), if the moderator (the result of a new interaction term) has a significant impact on the dependent variable, the finding supports the existence of moderation between the predictor and outcome variable. Based on the above result, we can conclude that there is no moderation, and adhocracy culture cannot moderate the impact of transactional leadership on performance, as the interaction product shows insignificant relationship.

The last moderation analysis as shown in table 6.28 tests the moderation effect of adhocracy culture on the impact of passive-avoidant leadership on organisational performance. In the first step, transactional leadership was regressed against organisational performance. Model 1 result shows that passive-avoidant leadership style has a significant impact on performance ( $B = -0.128$ ;  $p < 0.05$ ). The second step shows that passive-avoidant leadership (predictor) and adhocracy culture (moderator)

were regressed against organisational performance (dependent). The results indicate that passive-avoidant leadership has a significant impact on performance ( $B = -0.125$ ;  $p < 0.05$ ) and adhocracy culture (moderator) has a significant impact on performance ( $B = 0.123$ ;  $p < 0.05$ ). Based on the above result, we can conclude that there is no moderation, and adhocracy culture cannot moderate the impact of passive-avoidant leadership on performance.

To sum up the abovementioned, we can conclude that adhocracy culture is not a moderator of the relationship between the different leadership styles (transformational, transactional and passive-avoidant) and organisational performance.

#### **6.7.4 Market Culture will moderate the Impact of Leadership Styles on Organisational Performance**

This section presents the results and analysis of testing Hypothesis 5B, which hypothesises that Market Culture will moderate the impact of leadership styles on organisational performance. The table below illustrates the steps of the moderation analysis conducted using linear regression analysis to test moderation (Baron and Kenny, 1986).

**Table 6.29 Results of Testing Moderation Impact of Market Culture on leadership-Performance relationship.**

	Model	R Square	Beta (standardized)	Sig	Results /Outcome
<b>A) Testing Moderation effect of Market Culture (MC) on the impact of Transformational Leadership on Performance</b>					
1	TFLS → OP	0.194	0.396	0.000***	
2	TFLS, MC → OP	0.194	TFLS=0.395 CC=0.001	0.000*** 0.981	
3	TFLS, MC, TFLS*CC → OP	0.194	TFLS=0.396 CC=0.003 TFLS*CC=0.010	0.000*** 0.961 0.855	No Moderation
<b>B) Testing Moderation effect of Market Culture (MC) on the impact of Transactional Leadership on Performance</b>					
1	TALS → OP	0.179	0.379	0.000***	
2	TALS, MC → OP	0.181	TALS =0.370 MC =0.043	0.000 0.445	
3	TALS, MC, TALS*MC → OP	0.181	TALS =0.368 MC =0.038 TALS*MC=-0.030	0.000 0.505 0.601	No Moderation
<b>C) Testing Moderation effect of Market Culture (MC) on the impact of Passive-Avoidant Leadership on Performance</b>					
1	PALS → OP	0.054	-0.128	0.030	
2	PALS, MC → OP	0.065	PALS =-0.119 MC =0.109	0.045 0.067	
3	PALS, MC, PALS*MC → OP	0.115	PALS =-0.147 MC =0.140 PALS*MC=0.229	0.012 0.016 0.000***	Partial Moderation
<b>Notes:</b> Dependent variable: Organisational Performance. Significance levels: *p<0.05; **p<0.01; ***p<0.001					

The moderation regression analysis conducted to test whether market culture will moderate the impact of leadership styles (transformational, transactional and passive-



avoidant) on organisational performance was conducted using 4 different regression analyses as summarised in table 6.29 (see Appendix B for full moderation analysis). The first moderation analysis dealt with testing the moderation analysis of market culture on the impact of transformational leadership on organisational performance. In the first step, transformational leadership was regressed against organisational performance. Model 1 result shows that transformational leadership style has a significant impact on performance ( $B = 0.396$ ;  $p < 0.05$ ). The second step shows that transformation leadership (predictor) and market culture (moderator) were regressed against organisational performance (dependent). The results indicate that transformational leadership still has a significant impact on performance ( $B = 0.395$ ;  $p < 0.05$ ) and market culture (moderator) has insignificant impact on performance ( $B = 0.001$ ;  $p > 0.05$ ). The third step shows that the creation of new cross-product variable results from the interaction of standardised values of the predictor (transformational leadership) and the moderator (market culture). Model 3 indicates that transformational leadership has a significant impact on performance ( $B = 0.396$ ;  $p < 0.05$ ), while market culture has a statistically insignificant impact on performance ( $B = 0.003$ ;  $p > 0.05$ ). Also, the new interaction variable (TFLS\*MC) has insignificant impact on organisational performance ( $B = 0.010$ ;  $p > 0.05$ ). According to Baron and Kenny's study (1986), if the moderator (the result of a new interaction term) has a significant impact on the dependent variable, the finding supports the existence of moderation between the predictor and the outcome variable. Based on the above result, we can conclude that there is no moderation, and market culture cannot moderate the impact of transformational leadership on performance, as the interaction product shows insignificant relationship.

The second moderation analysis dealt with testing moderation analysis of market culture on the impact of transactional leadership on organisational performance. In the first step, transactional leadership was regressed against organisational performance. Model 1 result shows that transactional leadership style has a significant impact on performance ( $B = 0.379$ ;  $p < 0.05$ ). The second step shows that transactional leadership (predictor) and market culture (moderator) were regressed against organisational performance (dependent). The results indicate that transactional leadership has a significant impact on performance ( $B = 0.370$ ;  $p < 0.05$ ) and market culture (moderator) has insignificant impact on performance ( $B = 0.043$ ;  $p > 0.05$ ). The third step shows the creation of new cross-product variable, which results from the interaction of standardised values of the predictor (transactional leadership) and the moderator (market culture). Model 3 indicates that transactional leadership has a significant impact on performance ( $B = 0.368$ ;  $p < 0.05$ ), while market culture has insignificant impact on performance ( $B = 0.038$ ;  $p > 0.05$ ). Also, the new interaction variable (TALS\*MC) has insignificant impact on organisational performance ( $B = -0.030$ ;  $p > 0.05$ ). According to Baron and Kenny's study (1986), if the moderator (the result of a new interaction term) has a significant impact on the dependent variable, the finding supports the existence of moderation between the predictor and outcome variable. Based on the above result, we can conclude that there is no moderation, and market culture cannot moderate the impact of transactional leadership on performance, as the interaction product has a statistically insignificant relationship.

The last moderation analysis, as shown in table 6.29, tests the moderation effect of market culture on the impact of passive-avoidant leadership on organisational performance. In the first step, transactional leadership was regressed against

organisational performance. Model 1 result shows that passive-avoidant leadership style has a significant impact on performance ( $B = -0.128$ ;  $p < 0.05$ ). The second step shows that passive-avoidant leadership (predictor) and market culture (moderator) were regressed against organisational performance (dependent). The results indicate that passive-avoidant leadership has a significant impact on performance ( $B = -0.119$ ;  $p < 0.05$ ) and market culture (moderator) has insignificant impact on performance ( $B = 0.109$ ;  $p > 0.05$ ), whereas model 3 indicates that passive-avoidant leadership has a significant impact on performance ( $B = -0.147$ ;  $p < 0.05$ ), while market culture has a significant impact on performance ( $B = 0.140$ ;  $p < 0.05$ ). Also, the new interaction variable (PALS\*MC) has a significant impact on organisational performance ( $B = -0.229$ ;  $p > 0.05$ ). According to Baron and Kenny's study (1986), if the moderator (the result of a new interaction term) has a significant impact on the dependent variable, the finding supports the existence of moderation between the predictor and outcome variable. Based on the above result, we can conclude that there is partial moderation, as the market culture was significant in model three and the new cross-product has become significant. Therefore, market culture partially moderates the impact of passive-avoidant leadership on organisational performance.

To sum up the abovementioned, we can conclude that market culture is not a moderator of the relationship between transformational and transactional leadership styles, whereas market culture partially moderates the impact of passive-avoidant leadership style on organisational performance.

### 6.7.5 Hierarchy Culture will moderate the Impact of Leadership Styles on Organisational Performance

This section presents the results and analysis of testing Hypothesis 5B, which hypothesizes that Hierarchy Culture will moderate the impact of leadership styles on organisational performance. The table below illustrates the steps taken to conduct the moderation analysis using linear regression analysis to test the moderation (Baron and Kenny, 1986).

**Table 6.30 Results of Testing Moderation Impact of Hierarchy Culture on leadership-Performance relationship.**

	Model	R Square	Beta (standardized)	Sig	Results /Outcome
<b>A) Testing Moderation effect of Hierarchy Culture (HC) on the impact of Transformational Leadership on Performance</b>					
1	TFLS→OP	0.194	0.396	0.000***	
2	TFLS, HC →OP	0.194	TFLS=0.391 HC=0.017	0.000*** 0.761	
3	TFLS, HC, TFLS*HC →OP	0.212	TFLS=0.380 HC=-0.005 TFLS*HC=-0.141	0.000*** 0.936 0.012**	Full Moderation
<b>B) Testing Moderation effect of Hierarchy Culture (HC) on the impact of Transactional Leadership on Performance</b>					
1	TALS→OP	0.179	0.379	0.000***	
2	TALS, HC →OP	0.179	TALS=0.377	0.000	

	Model	R Square	Beta (standardized)	Sig	Results /Outcome
			HC=0.006	0.922	
3	TALS, HC, TALS*HC→OP	0.179	TALS=0.377 HC=0.003 TALS*HC=-0.018	0.000*** 0.963 0.749	No Moderation
<b>C) Testing Moderation effect of Hierarchy Culture (HC) on the impact of passive-avoidant Leadership on Performance</b>					
1	PALS→OP	0.054	-0.128	0.030	
2	PALS, HC→OP	0.066	PALS=-0.125 HC=0.114	0.034 0.055	
3	PALS, HC, PALS*HC→OP	0.140	PALS=-0.145 HC=0.097 PALS*HC=0.274	0.011 0.090 0.000***	Full Moderation
<b>Notes:</b> Dependent variable: Organisational Performance. Significance levels: *p<0.05; **p<0.01; ***p<0.001					

The moderation regression analysis conducted to test whether hierarchy culture will moderate the impact of leadership styles (transformational, transactional and passive-avoidant) on organisational performance was carried out using 4 different regression analyses as summarised in table 6.30 (see Appendix B for full moderation analysis). The first moderation analysis dealt with testing the moderation analysis of hierarchy culture on the impact of transformational leadership on organisational performance. In

the first step, transformational leadership was regressed against organisational performance. Model 1 result shows that transformational leadership style has a significant impact on performance ( $B = 0.396$ ;  $p < 0.05$ ). The second step shows that transformational leadership (predictor) and hierarchy culture (moderator) were regressed against organisational performance (dependent). The results indicate that transformational leadership still has a significant impact on performance ( $B = 0.391$ ;  $p < 0.05$ ) and hierarchy culture (moderator) has a statistically insignificant impact on performance ( $B = 0.017$ ;  $p > 0.05$ ). The third step shows the creation of new cross-product variable results from the interaction of standardised values of the predictor (transformational leadership) and the moderator (hierarchy culture). Model 3 indicates that transformational leadership has a significant impact on performance ( $B = 0.380$ ;  $p < 0.05$ ), while hierarchy culture has insignificant impact on performance ( $B = -0.005$ ;  $p > 0.05$ ). Also, the new interaction variable (TFLS\*HC) has a significant impact on organisational performance ( $B = -0.141$ ;  $p < 0.05$ ). According to Baron and Kenny's study (1986), if the moderator (result of the new interaction term) has a significant impact on the dependent variable, the finding supports the existence of moderation between the predictor and outcome variable. Based on the above result, we can conclude that there is full negative moderation. The third model shows that transformational leadership has a significant impact on performance and hierarchy culture has insignificant impact on performance, while the new cross product has a significant impact on performance. Therefore, hierarchy culture fully moderates the impact of transformational leadership on performance, as the interaction product shows significant relationship.

The second moderation analysis dealt with testing the moderation analysis of hierarchy culture and the impact of transactional leadership on organisational performance. In the

first step, transactional leadership was regressed against organisational performance. The Model 1 result shows that transactional leadership style has a significant impact on performance ( $B = 0.379$ ;  $p < 0.05$ ). The second step shows that transactional leadership (predictor) and hierarchy culture (moderator) were regressed against organisational performance (dependent). The results indicate that transactional leadership has a significant impact on performance ( $B = 0.377$ ;  $p < 0.05$ ) and hierarchy culture (moderator) has insignificant impact on performance ( $B = 0.006$ ;  $p > 0.05$ ). The third step shows the creation of new cross-product variable results from the interaction of standardised values of the predictor (transactional leadership) and the moderator (hierarchy culture). Model 3 indicates that transactional leadership has a significant impact on performance ( $B = 0.377$ ;  $p < 0.05$ ), while hierarchy culture has insignificant impact on performance ( $B = 0.003$ ;  $p > 0.05$ ). Also, the new interaction variable (TALS\*HC) has insignificant impact on organisational performance ( $B = -0.018$ ;  $p > 0.05$ ). According to Baron and Kenny's study (1986), if the moderator (the result of a new interaction term) has a significant impact on the dependent variable, the finding the supports existence of moderation between the predictor and outcome variable. Based on the above result, we can conclude that there is no moderation, and hierarchy culture cannot moderate the impact of transactional leadership on performance, as the interaction product shows insignificant relationship.

The last moderation analysis as shown in Table 6.30 tests the moderation effect of hierarchy culture on the impact of passive-avoidant leadership on organisational performance. In the first step, transactional leadership was regressed against organisational performance. Model 1 result shows that passive-avoidant leadership style has a significant impact on performance ( $B = -0.128$ ;  $p < 0.05$ ). The second step

shows that passive-avoidant leadership (predictor) and hierarchy culture (moderator) were regressed against organisational performance (dependent). The results indicate that passive-avoidant leadership has a significant impact on performance ( $B = -0.125$ ;  $p < 0.05$ ) and hierarchy culture (moderator) has insignificant impact on performance ( $B = 0.114$ ;  $p > 0.05$ ). Model 3 indicates that passive-avoidant leadership has a significant impact on performance ( $B = -0.145$ ;  $p < 0.05$ ), while hierarchy culture has a significant impact on performance ( $B = 0.097$ ;  $p > 0.05$ ). Also, the new interaction variable (PALS\*HC) has a significant impact on organisational performance ( $B = 0.274$ ;  $p > 0.05$ ). According to Baron and Kenny's study (1986), if the moderator (the result of a new interaction term) has a significant impact on the dependent variable, the finding supports the existence of moderation between the predictor and outcome variable. Based on the above result, we can conclude that there is full, positive, moderation. The third model shows that passive-avoidant leadership style has a significant impact on performance and hierarchy culture has insignificant impact on performance while the new cross product shows significant impact on performance. Therefore, hierarchy culture fully moderates the impact of passive-avoidant leadership on performance, as the interaction product shows significant relationship.

To sum up the abovementioned, we can conclude that hierarchy culture fully moderates the relationship between transformational and passive-avoidant leadership styles, whereas market culture does not moderate the impact of transactional leadership style on organisational performance.

After analysing the finding and results of the fifth empirical model for testing whether organisational culture dimensions (clan, adhocracy, market and hierarchy) will moderate the impact of leadership styles (transformational, transactional and passive-



avoidant) on organisational performance, we can conclude that: (1) clan culture failed to moderate the impact of transformational, transactional and passive-avoidant on organisational performance; (2) adhocracy culture failed to moderate the impact of transformational, transactional and passive-avoidant on organisational performance; (3) market culture failed to moderate the impact of transformational and transactional leadership styles on organisational performance. However, moderation findings show that market culture partially moderates the impact of passive-avoidant leadership on performance. (4) Finally, the results indicate that the impact of transformational leadership on organisational performance is fully moderated by hierarchy culture. Also, the impact of passive-avoidant leadership style on organisational performance is fully moderated by hierarchy culture, whilst hierarchy culture failed to moderate the impact of transactional leadership styles on organisational performance. All the moderation regression analyses were conducted using control variables (firm age, firm ownership and firm industry). The table (6.31) below summarized the results of the hypothesis testing for the fifth empirical model.

**Table 6.31 Summary of Hypothesis testing for Fifth Empirical Model**

Research Hypothesis	Results	Null Hypothesis
H5a-1: TFLS→CC→OP	No Moderation	Rejected
H5a-2: TALS→CC→OP	No Moderation	Rejected
H5a-3: PALS→CC→OP	No Moderation	Rejected
H5b-1: TFLS→AC→OP	No Moderation	Rejected
H5b-2: TALS→AC→OP	No Moderation	Rejected
H5b-3: PALS→AC→OP	No Moderation	Rejected
H5c-1: TFLS→MC→OP	No Moderation	Rejected
H5c-2: TALS→MC→OP	No Moderation	Rejected
H5c-3: PALS→MC→OP	Partial Moderation	Failed to Reject
H5d-1: TFLS→HC→OP	Full Moderation	Failed to Reject
H5d-2: TALS→HC→OP	No Moderation	Rejected
H5d-3: PALS→HC→OP	Full Moderation	Failed to reject

*Source:* Researcher

### 6.7.6 Discussion of the Fifth Empirical Model

This section presents and discusses the findings of the fifth empirical model. The researcher will discuss the results in the light of theoretical underpinning related to leadership theories and organisational culture theories. Then the results of the empirical study will be related to previous scholars' studies conducted in the same field. The results will be linked to the theories at hand to find if the practice of leadership

within SMEs operating in Egypt follows the organisational studies and organisational culture theories or both. The second part of the discussion will be related to the empirical results of previous scholars' studies with the findings of this research.

The fifth empirical model tests the hypothesis related to the moderation effect of organisational culture dimensions (Clan, adhocracy, market and hierarchy) on the impact of leadership styles, namely transformational, transactional and passive-avoidant leadership on the performance of SMEs. Firm age, firm ownership and firm industry were selected as control variables to be used in the regression equation. This empirical study focused on testing organisational culture as a moderator of the relationship between leadership styles and the performance of SMEs operating within the Egyptian context. The results of this empirical study present a new contribution to the existing body of knowledge related to the Organisational culture theory, leadership theories and firm performance in relation to developing countries in general and the Middle East and North Africa (MENA) region in particular. The study focused on the indirect relationship between the leadership styles and Organisational performance, and it is the first study to test the moderating impact of Organisational culture dimensions on the leadership-performance relationship for SMEs operating within a new emerging market like Egypt.

**H5:** Organisational culture will moderate the impact of leadership styles on organisational performance.

The literature review revealed that organisational culture develops in a large part from its leadership, while the culture of an organisation also affects the performance and effectiveness of its leadership (Bass and Avolio, 1993; Block, 2003; Brazier, 2005). Accordingly, the fifth empirical model's hypotheses proposed that organisational

culture dimensions moderate the influence of transformational, transactional and passive-avoidant leadership styles on organisational performance. Based on the literature review and conceptual model developed in chapter three, we hypothesised that clan culture will moderate the impact of leadership styles on performance.

**H5a-1:** Clan culture will moderate the impact of transformational leadership on organisational performance. (Null hypothesis, Rejected)

**H5a-2:** Clan culture will moderate the impact of transactional leadership on organisational performance. (Null hypothesis, Rejected)

**H5a-3:** Clan culture will moderate the impact of passive-avoidant leadership on organisational performance. (Null hypothesis, Rejected)

The results of the present study, however, did not support hypothesis H5 a1, a2 and a3 with regard to the impact of clan culture on the relationship between transformational leadership and organisational performance.

**H5b-1:** Adhocracy culture will moderate the impact of transformational leadership on organisational performance. (Null hypothesis, Rejected)

**H5b-2:** Adhocracy culture will moderate the impact of transactional leadership on organisational performance. (Null hypothesis, Rejected)

**H5b-3:** Adhocracy culture will moderate the impact of passive-avoidant leadership on organisational performance. (Null hypothesis, Rejected)

On the other hand, hypothesis H5b tested the moderating effect of adhocracy culture on the impact of leadership styles on organisational performance.

Specifically, the results of the moderated regression analyses revealed that the moderating role of adhocracy culture in the relationship between transformational leadership and organisational performance did not have any level of statistical

significance (as presented in the results and analysis section). These results indicate that, regardless of the existence of adhocracy culture within organisations, the effect of leadership styles on performance appeared to be quite consistent. Although there has been no research exploring the interaction of organisational culture on the relationship between leadership and the performance of SMEs in Egypt, these results stand in contrast to prior research in the field of leadership and organisational culture. For instance, Bass and Avolio (1993) hypothesised that the effectiveness of leadership styles differs across organisational cultures. Similarly, the findings from Howell and Avolio's (1993) study indicate that transformational leaders perform better in an organisational culture, which is described by followers as innovative.

Hypothesis 5c tests the moderation effect of market culture on the impact of leadership styles on SMEs financial performance:

Hypothesis 5c tests the moderation effect of market culture on the impact of leadership styles on SMEs financial performance:

**H5c-1:** Market culture will moderate the impact of transformational leadership on organisational performance. (Null hypothesis, Rejected)

**H5c-2:** Market culture will moderate the impact of transactional leadership on organisational performance. (Null hypothesis, Rejected)

**H5c-3:** Market culture will moderate the impact of passive-avoidant leadership on organisational performance. (Null hypothesis, failed to reject)

The results show that market culture failed to moderate the impact of transformational and transactional leadership styles on organisational performance, whereas market culture partially moderates the impact of passive-avoidant leadership on organisational performance. Several factors may help to explain these unexpected findings of this study. First, the regression analyses results revealed that transformational leadership

has the most significant impact on organisational performance, followed by transactional leadership style. It is, therefore, possible that transformational leaders can create or change the culture to enhance the performance rather than leaving the adaptation of the culture inside the organisation to external factors. These explanations agree with Bowers et al. (2017) contention that transformational leadership can directly and indirectly enhance organisational performance by creating a supportive organisational culture. Consistent with this viewpoint, Lok et al. (2006) proposed that culture might be the filter through which leadership influences organisational performance. Also, Ogbonna and Harris (2000) had previously reported that transactional leadership indirectly affected followers' performance through its impact on such variables as organisational culture and commitment. Therefore, the less strict leaders (passive-avoidant) are, the more exposed followers are to the external environmental factors, which could, in turn, create more market culture that fit the external competition.

Finally, the findings of the last hypothesis (5d), which proposed the moderation effect of the hierarchy culture on leadership- performance relationship is summarised as follow:

**H5d-1:** Hierarchy culture will moderate the impact of transformational leadership on organisational performance. (Null hypothesis, Rejected)

**H5d-2:** Hierarchy culture will moderate the impact of transactional leadership on organisational performance. (Null hypothesis, failed to reject)

**H5d-3:** Hierarchy culture will moderate the impact of passive-avoidant leadership on organisational performance. (Null hypothesis, failed to reject)

The findings demonstrate that hierarchy culture failed to moderate the impact of transformational leadership style on organisational performance. The result is justified based on social cognitive theory, which suggests that followers' perceptions of the

leader's charismatic attributes may be as a result of the use of leadership prototypes (Ensari and Murphy, 2003). Therefore, the employees' perceptions of transformational leadership are likely to be biased by different organisational culture and organisational performance, which made the supportive nature of transformational leadership difficult to trace and implement within the hierarchical culture dominant in the organisation, especially within small and medium-sized enterprises. On the other hand, hierarchy culture moderates the impact of transactional and passive-avoidant leadership styles on organisational performance within SMEs operating in Egypt. According to Lam (2002) and Schein (2010), hierarchical culture is based on organisational structure, existing systems and procedures that improve the effectiveness of the transactional leader at the workplace (Schein, 2004). Lam's (2002) study found that transactional leadership effectiveness is highly dependent on contextual factors, such as organisational structure, formal work arrangement and the degree of power-sharing that support the development and creation of hierarchical culture within SMEs. Based on the findings of this present study, it is argued that the effectiveness of transformational leadership itself might not be influenced by hierarchical culture. The results of this study also demonstrated that the relationship between passive-avoidant leadership and organisational performance was moderated by hierarchical culture.

To sum up the abovementioned based on the finding of the fourth empirical model, we conclude that: 1) Clan culture has failed to moderate the impact of any leadership style on the Organisational performance of SMEs operating in Egypt; 2) Adhocracy culture has failed to moderate the impact of any leadership style on the Organisational performance of SMEs operating in Egypt; 3) Market culture could moderate the impact of passive-avoidant leadership on performance, whereas it failed to moderate the impact of transactional and transformational leadership on performance; 4) Finally, the

findings have proven that hierarchy culture is the most dominant culture dimension within the Egyptian market.

Based on the findings of the five empirical models, we can conclude the following: First, the current research focuses primarily on internal organisational factors that affect organisational performance. Second, it has been proven, based on the results and findings, that variations among firm's leadership styles will also likely impact firm performance. Third, firm's strategic planning practices will impact performance. Finally, it would also be expected that the organisational environment, including the type of business, level of competition, government regulation and rate of exchange of technology impact performance and growth.

## **6. 8 Summary of Results**

Due to several important changes that have taken place in the Egyptian economy since the revolution that took place in 2014, there are a number of changes in the Egyptian business environment in general and the small and medium enterprises sector in particular. The focus of this study was to investigate the impact of leadership styles on organisational performance in SMEs sector operating in the Egyptian economy. In addition, the study tried to assess the mediating influence of strategic planning practices on the impact of leadership styles on organisational performance. It also tried to explore the effect of organisational culture dimensions as moderators on the leadership-performance relationship.

The following issue, specifically, was addressed within this current study:

“Due to significant changes since the 2<sup>nd</sup> revolution in Egypt, what style of leadership can explain the variance in organisational performance of different SMEs operating within



the Egyptian market. Moreover, how can strategic planning practices and organisational culture influence the relationship between leadership and SMEs' performance? “

According to the previous literature on organisational studies and organisational behaviour, leadership style and strategic planning within an organisation both have a major influence on organisational performance. There are countless studies of the direct impact of leadership style on organisational performance. However, there is a lack of empirical studies on the indirect impact of leadership style on organisational performance through strategic planning. Strategic planning practice may change as a result of internal factors (organisational culture change and leadership style) or external factors (national culture). Both leadership styles and organisational culture are supporting strategic planning practices.

In fact, six research questions, based on the conceptual framework, were proposed to assist the researcher in achieving the research aim and objectives. First, do leadership styles namely; transformational, transactional and passive-avoidant affect organisational performance in SMEs operating within the Egyptian context? Second, is there any relationship between leadership styles and strategic planning? Third, do strategic planning activities affect SMEs financial performance? Fourth, Does Strategic Planning mediate the relationship between Leadership Styles and SMEs' performance? Fifth does Organisational Culture moderate the relationship between Leadership Styles and SMEs' performance? Finally, sixth, how do different Leadership Styles affect SMEs' performance through the moderating effect of Organisational Culture and the mediating influence of Strategic Planning inside SMEs operating within the Egyptian context?

In order to answer the abovementioned questions and test the proposed hypotheses, the researcher divided the analysis into five main empirical tests: 1-the first empirical

test measures the direct impact of different leadership styles on organisational performance 2- testing the impact of leadership styles on organisational performance. 3- the third empirical model tests the impact of leadership style on strategic planning practices in SMEs, 4- the fourth empirical model investigated the mediation influence of strategic planning practices on the leadership-performance relationship. 5- Finally, the fifth empirical model investigated the moderating effect of organisational culture dimensions on the impact of leadership styles on performance.

The findings and results of the first empirical model reveal that transformational leadership style has the most significant impact on organisational performance, followed by the transactional leadership style. The regression analysis demonstrates that passive-avoidant leadership has a negative significant impact on the performance of SMEs. In the first part, the correlation analysis revealed a positive significant relationship between organisational culture, leadership style and organisational financial performance, apart from adhocracy culture. Also, the results show that firm industry has a negative significant impact on firm performance, while firm age and ownership have insignificant impact on performance. In this respect, the results of the first empirical model were consistent with the literature review in the field of organisational studies and SMEs within a developing economy in general and Egyptian economy in particular. The second empirical model tested the impact of different leadership styles on strategic planning practices within Egyptian SMEs. The results indicate that transactional leadership style has the most significant impact on the practice of strategic planning within SMEs, followed by transformational leadership. In addition, regression analysis demonstrates that passive-avoidant leadership negatively affects the strategic planning practices. Furthermore, the Control variables (firm age,

ownership and industry) have no significant impact on strategic planning practices when it comes to SMEs, which the results suggest is related to the size of the organisation. In the third empirical model, the direct impact of strategic planning was regressed against the performance of SMEs. The results show that international aspects and strategic planning techniques have a positive significant impact on the performance of SMEs, whereas external orientation and involvement of key personnel have no significant impact on the performance of SMEs. Furthermore, the results show that the age of a firm as a control variable has a positive significant impact on performance, while firm industry has a negative impact on performance. On the other hand, firm ownership has no significant impact on the performance of SMEs.

The results of the mediation analysis of strategic planning practices on the impact of leadership styles on organisational performance in the fourth empirical model revealed that the impact of transformational leadership styles on the performance of SMEs is partially mediated by the existence of strategic planning practices. Also, it has been proven that strategic planning practice partially mediates the impact of transactional leadership style on the performance of SMEs. In fact, partial mediation of strategic planning on the impact of both transformational and transactional leadership styles on organisational performance was not surprising, as previous studies had shown this (Yanney, 2014; Ozer and Tinaztepe, 2014). However, what was surprising was the full mediation of strategic planning on the impact of passive-avoidant leadership on the performance of SMEs. The fifth empirical model investigated the impact of the moderation effect of organisational culture dimensions (clan, adhocracy, market and hierarchy) on the impact of leadership styles (transformational, transactional and passive-avoidant) on organisational performance. Moderated regression was conducted

to test the proposed research hypothesis. The results revealed that clan culture failed to moderate the impact of transformational, transactional and passive-avoidant leadership styles on organisational performance. Also, adhocracy culture failed to moderate the impact of transformational, transactional and passive-avoidant leadership styles on organisational performance. Additionally, the market culture dimension failed to moderate the impact of transformational and transactional leadership styles on organisational performance. However, moderation findings did reveal that market culture partially moderated the impact of passive-avoidant leadership on performance. Finally, the results indicate that the impact of transformational leadership on organisational performance is fully moderated by hierarchy culture and that the impact of passive-avoidant leadership style on organisational performance is fully moderated by hierarchy culture, although hierarchy culture failed to moderate the impact of transactional leadership styles on organisational performance. Table 6.32 summarises the hypotheses proposed in Chapter 3 and states whether they have failed to be rejected or rejected based on the analysis of the five empirical models tested in the current chapter.

**Table 6.32 Research Hypotheses Assessment**

HN	Description	Null Hypothesis
<b>H1:</b>	<b>Leadership styles have a significant impact on organisational performance.</b>	
H1a:	Transformational leadership has a significant impact on organisational performance beyond the effects of transactional and passive-avoidant leadership.	Failed to reject
H1b:	Transactional leadership has a significant impact on organisational performance beyond the effects of transformational and passive-avoidant leadership.	Failed to reject
H1c:	Passive-avoidant leadership has a significant impact on organisational performance beyond the effects of transactional and transformational leadership.	Rejected
<b>H2:</b>	<b>Strategic planning practices have a significant impact on organisational performance.</b>	
H2a:	Internal orientation has a significant impact on organisational performance.	Failed to reject
H2b:	External orientation has a significant impact on organisational performance.	Rejected
H2c:	Strategic planning technique has a significant impact on organisational performance.	Failed to reject
H2d:	Involvement of key Personnel has a significant impact on organisational performance.	Rejected
<b>H3</b>	<b>Leadership styles have a significant impact on strategic planning practice.</b>	
H3 a:	Transformational leadership has a significant impact on strategic planning beyond the effects of transactional and passive-avoidant leadership.	Failed to reject
H3 b:	Transactional leadership has a significant impact on strategic planning beyond the effects of transformational and passive-avoidant leadership.	Failed to reject
H3 c:	Passive-avoidant leadership has a significant impact on strategic planning beyond the effects of transactional and transformational leadership.	Failed to reject
<b>H4:</b>	<b>Strategic planning will mediate the effect of leadership styles on organisational performance.</b>	
H4 a:	Strategic planning will mediate the effect of transactional leadership styles on organisational performance.	Failed to reject
H4 b:	Strategic planning will mediate the effect of transformational leadership styles on organisational performance.	Failed to reject
H4 c:	Strategic planning will mediate the effect of passive-avoidant leadership styles on organisational performance.	Failed to reject
<b>H5</b>	<b>Organisational culture will moderate the impact of leadership styles on organisational performance.</b>	
H5a-1:	Clan culture will moderate the impact of transformational leadership on organisational performance.	Rejected

HN	Description	Null Hypothesis
H5a-2:	Clan culture will moderate the impact of transactional leadership on organisational performance.	Rejected
H5a-3:	Clan culture will moderate the impact of passive-avoidant leadership on organisational performance.	Rejected
H5b-1:	Adhocracy culture will moderate the impact of transformational leadership on organisational performance.	Rejected
H5b-2:	Adhocracy culture will moderate the impact of transactional leadership on organisational performance.	Rejected
H5b-3:	Adhocracy culture will moderate the impact of passive-avoidant leadership on organisational performance.	Rejected
H5c-1:	Market culture will moderate the impact of transformational leadership on organisational performance.	Rejected
H5c-2:	Market culture will moderate the impact of transactional leadership on organisational performance.	Rejected
H5c-3:	Market culture will moderate the impact of passive-avoidant leadership on organisational performance.	Failed to reject
H5d-1:	Hierarchy culture will moderate the impact of transformational leadership on organisational performance.	Failed to reject
H5d-2:	Hierarchy culture will moderate the impact of transactional leadership on organisational performance.	Rejected
H5d-3:	Hierarchy culture will moderate the impact of passive-avoidant leadership on organisational performance.	Failed to reject

*Source:* Researcher

## 6.9 Leadership-SMEs financial performance Model

In the previous section, the author provided a summary of the research findings and hypotheses assessments, as well as related the hypotheses to the conceptual framework proposed in Chapter Three. This section is dedicated to summarising the above discussion and reflect on the proposed framework.

**Figure 6.6 Full Model of the Leadership- SMEs financial performance Relationship**

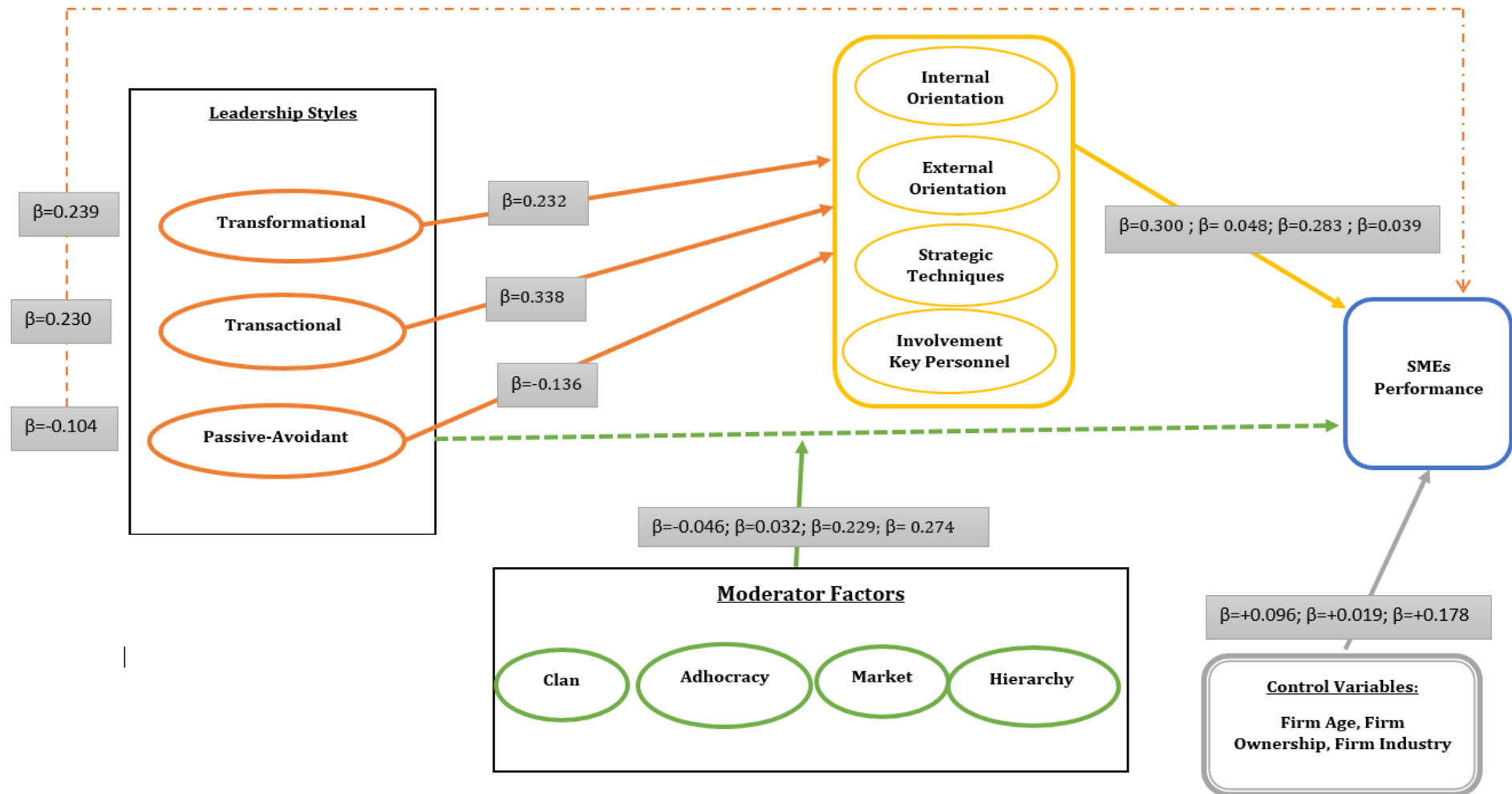


Figure 6.6 illustrates the validated model of Leadership-SMEs financial performance that was developed in Chapter 3 (conceptual framework). Figure 6.6 shows that the paths from different leadership styles on strategic planning practices are significant. Transformational and transactional leadership styles have a positive impact on strategic planning, while passive-avoidant leadership has a negative impact on strategic planning practices. Furthermore, in order to have a better understanding of the relationship between strategic planning practices and organisational performance, all four strategic planning practices dimensions have been regressed against organisational performance. The results show that internal orientation and strategic techniques have a positive impact on SMEs financial performance, whereas external orientation and involvement of key personnel have no significant impact on performance. Also, the path from leadership style to organisational performance is significant. Transformational and transactional leadership styles have a positive impact on performance, while passive-avoidant leadership has a negative impact on performance. Therefore, we can conclude that both leadership styles and strategic planning practices are significant determinants of SMEs financial performance operating within the Egyptian economy.

The results of the data analysis and hypotheses testing show that transformational leadership has the most significant impact on SMEs financial performance among leadership styles. Also, the results show that transactional leadership style has the most significant impact on strategic planning practices. On the other hand, the findings demonstrated that internal orientation has the most significant impact on SMEs financial performance among strategic planning practices dimensions. The results confirm that strategic planning plays a mediating role in partially mediating the relationship between transformational and transactional impact on organisational



performance. Also, it shows that strategic planning fully mediates the impact of passive-avoidant leadership on organisational performance. It implies that leaders, in order to achieve higher organisational performance, should focus on improving the practice of strategic planning, which is aligned with the dominant organisational culture. Furthermore, this study does not intend to deny the previous studies, which claim that organisational culture mediates the relationship between leadership style and organisational performance (i.e. Ogbonna and Harris, 2000; Xenikou and Simosi, 2006; Tojari, et al., 2011), but to show an alternative view of the Leadership - SMEs financial performance relationship. Finally, the results confirm that hierarchy culture and market culture play moderating roles in the relationship between leadership styles and organisational performance. However, the results show no support for the hypothesis that claims that clan culture and adhocracy play a moderating role in the relationship between leadership style and organisational performance.

## **6.10 Conclusion**

Chapter 6 presented the findings and discussion of the five empirical models of the main study that tested the research hypotheses. The main data of the study was collected from different management levels of SMEs operating within the Egyptian context using a self-administered questionnaire. The chapter started by describing the analysis procedures and justification of the multivariate analysis (i.e. multiple regression analysis) used to test the research hypothesis and answer the research questions previously discussed in chapter one. Moreover, regression equations for the 5 empirical models were presented along with variable definitions and measurements. In fact, the first 3 empirical models dealt with testing the direct relationship between leadership styles, strategic planning and organisational performance. Then empirical models 4 and 5 dealt with the indirect relationship between research variables. Empirical model 4 presented the mediation impact of strategic planning practice on the relationship between leadership and performance. The last empirical model (5) focused on testing the moderation impact of organisational culture dimensions on the relationship between leadership styles and organisational performance.

In conclusion, this chapter provides discussion related to the data analysis, where it was confirmed that the proposed research hypotheses for this study have been discussed in the light of the previous literature in the field of organisational studies and strategic management. Independent variables in this study have a significant impact on strategic planning and organisational performance. The results of the data analysis and hypotheses testing show that, although external orientation and strategic planning techniques have no significant impact on organisational performance, generally, strategic planning practices have a strong effect on organisational performance.

Furthermore, the results also confirm that strategic planning plays a mediation role, and that leadership style affects organisational culture and also has a major impact on organisational performance, where managers and practitioners also study the indirect impact of leadership styles on organisational performance through strategic planning in order to achieve higher organisational performance.

Furthermore, what this study uncovers is the lack of empirical work on the impact of organisational culture dimensions on organisational performance. Unfortunately, in the previous studies of the leadership-performance relationship, organisational culture dimensions were mostly taken for granted and not explicitly studied, while this study has tried to use organisational culture as a moderating variable in investigating the impact of leadership styles on performance. However, the results show no support for the moderating role of clan and market culture in the relationship between leadership style and organisational performance. In the next chapter, the author will discuss the research contributions as well as the suggestions for future research.

## **Chapter 7 : Conclusion, Contribution and Suggested Future Research**

### **7.1 Introduction**

Thus far the research analysis and findings have been presented and discussed in the light of the theoretical underpinnings previously discussed (Chapter 2) and have been discussed in relation to previous empirical models suggested by previous scholars in the Management field. This chapter provides a summary of the major findings of the research and is divided into five sections. The first section will focus on highlighting the major findings in relation to the previous empirical models discussed in chapter 6. Section 2 will provide a summary of research contributions, followed by Section 3 presenting the theoretical and Section 4 the practical contributions of the study. Finally, the chapter will end by suggesting further research and providing reasonable recommendations regarding the development of the SMEs within the emerging market.

### **7.2 Discussion of Major Research Findings**

Although transformational, transactional and passive-avoidant leadership styles have been independently linked to organisational strategic planning practice and organisational performance in a variety of settings (Karger and Parnell, 1996; Avolio and Bass, 2004; Schein, 2010), previous studies have not fully considered the interactive effects of organisational culture on leadership-performance relationship within SMEs. This study integrated this important interaction to explore how strategic planning and organisational culture could mediate and moderate the impact of leadership styles on organisational performance within Egyptian SMEs.

Firstly, it would be beneficial to revisit the main research aim and research questions prior to summing up the major findings of the research. The overall aim of this research

was to develop a research model that measures the mediating influence of strategic planning and the moderating effect of Organisational culture on the impact of leadership styles on the performance of SMEs operating within the Egyptian context. Five empirical models were developed in order to test hypotheses on the direct and indirect relationships that occur on the impact of leadership styles on the performance of SMEs. To achieve research objectives and answer research questions, the study employed a positivistic philosophical approach followed a deductive strategy through testing hypotheses derived from the literature review. A self-administered questionnaire was designed based on the literature to collect quantitative data from SME managers operating within the Egyptian context. The questionnaire was administered by mail to the target respondents. The empirical model hypotheses were tested and analysed using multivariate analysis (i.e. regression analysis).

In order to achieve the aim and objectives of the research, the following six research questions were addressed:

- 1) Do leadership styles affect organisational performance in SMEs operating within the Egyptian context?
- 2) Do leadership styles affect the strategic planning practice in Egyptian's SMEs?
- 3) Do strategic planning activities have significant impact on SMEs financial performance in Egypt?
- 4) Does strategic planning mediate the relationship between leadership styles and SMEs' performance?
- 5) Does organisational culture moderate the relationship between leadership styles and SMEs' performance?

6) How do different leadership styles affect SMEs' performance through the moderating effect of organisational culture and the mediating influence of strategic planning?

The proposed research model has been analysed using five different empirical models and the empirical exploration of the hypotheses revealed a mixed set of results related to the practice of leadership styles within SMEs operating within the Egyptian context. This research empirically examined the practice of management in the SME sector in the Egyptian context. The rationale for the study was the analysis of the role of SMEs in the country's economy after the 2nd revolution in Egypt, 2011. More specifically, the SMEs sector in Egypt has undergone enormous growth and change in the last 7 years, and the government is promoting the importance and growth of SMEs to boost the Egyptian economy further. The Egyptian SME sector in the 21st century faced serious challenges in dealing with tighter competition, in acquiring cheaper resources and in achieving the highest possible standards of efficiency and effectiveness. Therefore, there is a need for SMEs to become more responsible and responsive to environmental challenges and pressures after political changes. More specifically, SMEs in Egypt have entered a new era that requires adaptation of effective strategic planning practices in order to become more competitive. According to Bennis (1997) and Schein (2010), there is a need for organisations to pay more attention to the leadership styles and organisational culture that would create an atmosphere more responsive to environmental challenges and facilitate the practice of strategic planning. Therefore, the current study examined the leadership-performance relationship in SMEs operating within the Egyptian sector, the influence of the mediating influence of strategic planning, and the moderating effect of organisational culture dimensions. The proposed conceptual framework (discussed in Chapter 3) was based upon previous research on leadership styles using the

Transactional/Transformational theory (Avolio and Bass, 2004) and strategic planning practices based on the multidimensional approach of Karger and Parnell (1996) and Griggs (2002). Organisational culture was assessed in the current study using the Competing Values framework (Quinn, 1988; Cameron and Quinn, 2011). The results of the research hypotheses are summarised as follows:

The first empirical model tested the impact of different leadership styles on firm performance. The findings revealed that the transformational leadership style had the most significant impact on organisational performance, followed by the transactional leadership style. However, regression analysis demonstrated that the passive-avoidant leadership had a negative, significant impact on the performance of SMEs. Also, the results showed that type of firm or industry had a negative significant impact on firm performance, but firm age and ownership have no significant impact on performance. Results of the first empirical model proved consistent with the literature review in the field of organisational studies and SMEs within a developing economy in general and the Egyptian economy in particular. The second empirical model was testing the impact of the different leadership styles on strategic planning practices within Egyptian SMEs. Results indicated that the transactional leadership style had the most significant impact on the practice of strategic planning within SMEs, followed by transformational leadership. In addition, regression analysis demonstrated that passive-avoidant leadership negatively affected strategic planning practices. Control variables (firm age, ownership and industry) had no significant impact on the strategic planning practices in relation to SMEs. In the third empirical model, the direct impact of strategic planning was regressed against the performance of SMEs. Results showed that international aspects and strategic planning techniques have a positive significant impact on the

performance of SMEs, whereas, external orientation and involvement of key personnel have no significant impact on their performance. Furthermore, the results showed that firm age has a positive significant impact on performance whilst the firm industry had a negative impact on performance. Firm ownership however had no significant impact on the performance of SMEs.

Results of mediation analysis of strategic planning practices on the impact of leadership styles on organisational performance in the fourth empirical model revealed that the impact of transformational leadership styles on the performance of SMEs were partially mediated by the existence of strategic planning practices. Also, it has been shown that strategic planning practice partially mediated the impact of transactional leadership style on the performance of SMEs. In fact, partial mediation of strategic planning on the impact of both transformational and transactional leadership styles on organisational performance was not surprising as previous studies had shown this, however, what was surprising was the full mediation of strategic planning on the impact of passive-avoidant leadership on the performance of SMEs. Therefore, it could be deduced that, in general, strategic planning could be considered as a mediator between leadership styles and organisational performance within the SMEs sector.

Finally, the fifth empirical model investigated the impact of the moderation effect of organisational culture dimensions (clan, adhocracy, market and hierarchy) on the impact of leadership styles (transformational, transactional and passive-avoidant) on organisational performance. Moderated regression was conducted to test the proposed research hypotheses. Results revealed that clan culture failed to moderate the impact of transformational, transactional and passive-avoidant styles of leadership on organisational performance. Also, adhocracy culture failed to moderate the impact of



transformational, transactional and passive-avoidant styles of leadership on organisational performance. Furthermore, the market culture dimension failed to moderate the impact of transformational and transactional leadership styles on organisational performance. However, the results do show that market culture partially moderated the impact of passive-avoidant leadership on performance. Finally, results indicate that the impact of transformational leadership on organisational performance is fully moderated by hierarchy culture. In addition, the impact of passive-avoidant leadership style on organisational performance is fully moderated by hierarchy culture, while hierarchy culture failed to moderate the impact of transactional leadership style on organisational performance.

### **7.3 Contribution**

Based on a review of the existing literature on studies related to leadership, strategic planning, organisational culture, and organisational performance, it was found that empirical evidence exists of the direct links between four constructs. However, a combination of all construct in one integrated model to study the direct and indirect relationship of all four has been lacking within the context of emerging markets and developing countries. Consequently, based on theories which suggest a relationship between leadership styles and strategic planning, organisational culture and performance the current study tested the mediation of strategic planning practices and moderation effect of organisational culture in the association between leadership and organisational performance. In an effort to redress this imbalance in the research literature a survey was run, and the results were analysed which provided robust empirical evidence to support this claim.

Furthermore, the findings of the current research demonstrate that investigating the mediating influence of Strategic Planning and the moderating impact of Organisational Culture on the relationship between Leadership Styles and performance of SMEs in one integrated model within the Egyptian context has contributed theoretically and practically to the body of existing knowledge of leadership, culture, strategic planning and performance literature in developing countries.

### **7.3.1 Theoretical Contribution**

The current research provides several inputs and contributions to the academic field. Where in the main contribution to literature provided by this research is the extension of knowledge on the role of leadership styles in improving a firm's financial performance in SMEs operating within the Egyptian context. More specifically this research has contributed the following:

- (1) How leadership styles enhance the practice of strategic planning within an organisation
- (2) In specifying which leadership styles will improve the performance of SMEs within the Egyptian context;
- (3) By investigating the impact of strategic planning on the performance of SMEs.
- (4) Showing the mediation influence of strategic planning on the impact of leadership styles on performance
- (5) Investigating the moderation effect of organisational culture on the leadership-SME performance association.

The research findings are a further step to help researchers as well as academics to have a better understanding of the direct and indirect relationship that exists between Leadership Styles and the performance of SMEs within developing countries.

Furthermore, the study aims towards enriching the existing literature on the Leadership Styles, Organisational Culture, Strategic Planning and SMEs financial performance in developing countries. This is the first empirical study to investigate the relationship between Leadership Styles, Strategic Planning, and Organisational Culture in one integrated model in a new emerging economy. Also, it is the first study conducted in the Middle East, North Africa and in Egypt after the 2nd revolution focusing on the performance of SMEs.

Findings of the first empirical model revealed that transformational leadership style has the most significant influence on the growth of SMEs within the Egyptian context, which can be considered as adding value to the agency theory. Additionally, the second empirical study contributed to the resource-based view theory as it highlighted the importance of transactional leadership on strategic planning within SMEs operating in an emerging market. The third empirical study presents novel research by reporting the practice of strategic planning within SMEs operating in Egypt as it is, to the Researcher's knowledge, the first empirical study to explore and examine the importance of strategic planning in boosting and enhancing the performance of SMEs.

Moreover, the fourth model investigated the mediating influence of Strategic Planning and the relationship between Leadership Styles and the performance of SMEs, which strongly suggest the important role played by strategic planning to increase performance and answers the questions related to how leadership and strategic planning can work effectively towards better SMEs financial performance. In addition, the mediation impact of strategic planning on leadership-SMEs financial performance can be considered amongst one of the few empirical studies to be carried out in the Middle East and North Africa. Ultimately, the current study enriches the existing body of knowledge in relation to the moderation impact of organisational culture on the

leadership-performance relationship which has been reported in the fifth empirical model. It does this through revealing that a hierarchical organisational culture is the most dominant culture within SMEs in the Egyptian context and additionally the results add support to existing theories of organisational culture and leadership. Consequently, this research should be considered of academic significance to the field.

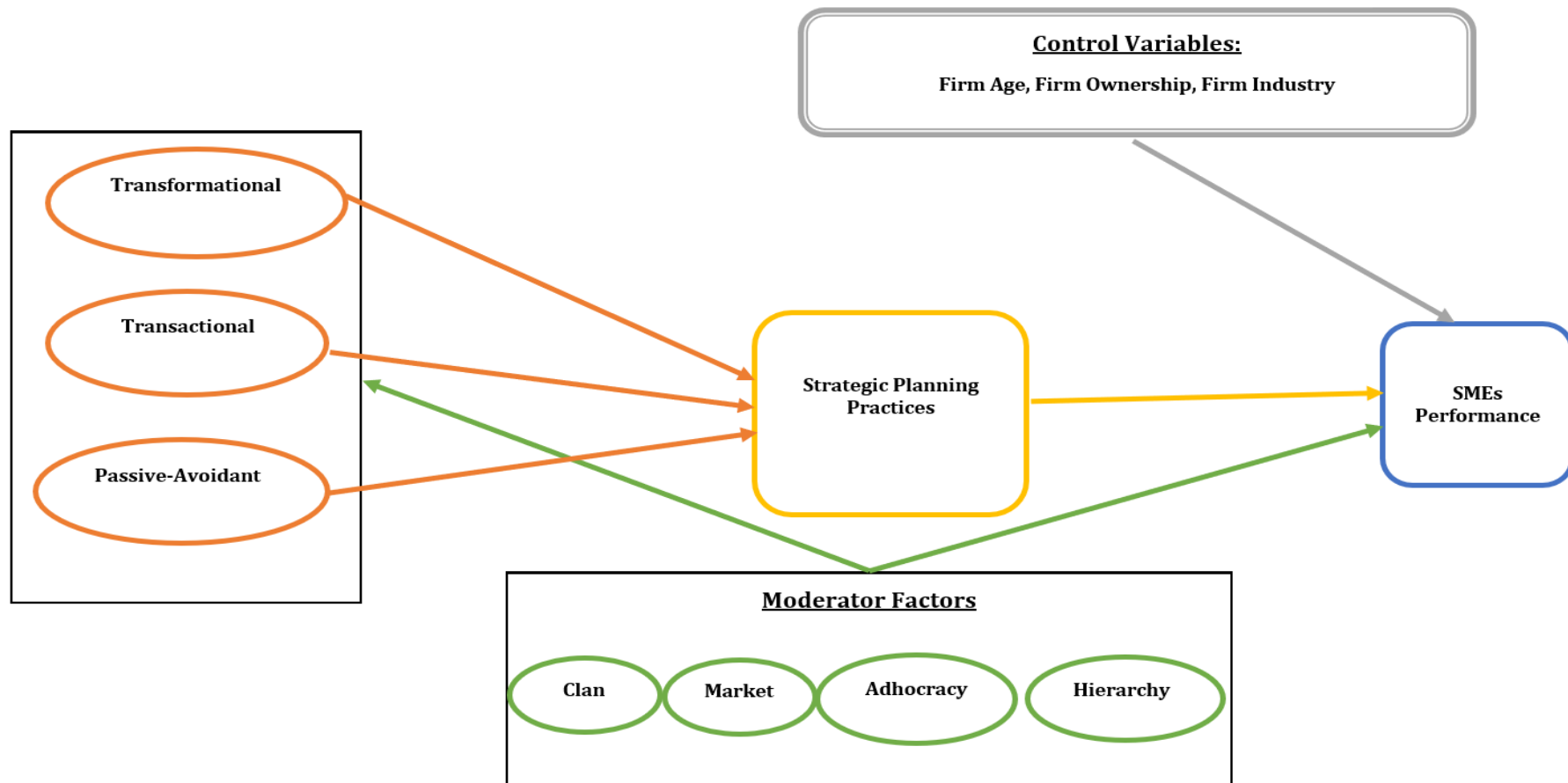
The comprehensive model developed for this study contributes to the literature by grounding the impact of other factors such as strategic planning (mediator), organisational culture dimensions (moderators) in the leadership-SMEs financial performance relationship and then applying it to a new context. Contrary to the existing literature that mostly investigates the direct impact of leadership styles on organisational performance as in research by Rigas and Nawar's (2016). The current study presents the indirect impact of strategic planning and organisational culture on organisational performance. The extended model was designed to identify the other influential variables suggested in the literature that have an impact on the impact of leadership styles on SMEs financial performance. Although there are many studies that investigate the relationship between organisational culture, leadership style and organisational performance, (Ogbonna and Harris, 2000; Parry and Proctor-Thomson, 2003; Xenikou and Simosi, 2006; Tojari, et al., 2011); almost all tend to focus on the impact of leaders and managers on creating organisational culture or the relationship between leadership style and organisational performance or, in some cases, the mediating impact of organisational culture on the leadership style and organisational financial performance relationship. Most of these studies tried to explore the indirect relationship between leadership and performance within western economies which leaves a gap in terms of empirical studies conducted within an eastern economy and Middle Eastern and North African countries.

#### **7.3.1.1 Leadership-SMEs financial performance Model**

In this section, the researcher proposes the full leadership-SMEs financial performance model to be used as a guideline for managers and owners of SMEs operating in the Middle East and North African countries in general, specifically the Egyptian context. This model summarises the output of the thesis conducted on the influence of strategic planning practice and organisational culture on Leadership-performance relationship. In fact, the research model was tested through 5 different empirical models to assess the direct and indirect relationship that occurs between leadership-SME performances in those operating within the Egyptian context.

In this study, each of the components proposed was the basis of a contribution produced for this thesis. The first three chapters of this thesis were related to information that enabled the researcher to develop the conceptual model of this study for the research methodology which was presented in Chapter 4. Furthermore, details on the development and demonstration of the survey as the method of data collection was also presented in Chapter 4. Also, practical data analysis in both the pilot and main study, as well as the redevelopment of the conceptual model proposed in Chapter 3, were presented in Chapters 5 and 6. Figure 7.1 presents the leadership-SMEs financial performance model for the implementation and evaluation of leadership styles and organisational performance features.

**Figure 7.1 Leadership-SMEs financial performance Growth Model**



This research tested five different hypotheses in order to answer research questions. The results indicated that a positive relationship exists between leadership style and performance of SMEs, between leadership style and strategic planning practices and between strategic planning practices and organisational performance. Furthermore, it was found that strategic planning plays a role of partial mediator in the leadership-performance relationship. Furthermore, with regard to the association between leadership styles and performance, it was found that hierarchy organisational culture moderates the relationship. Therefore, this study provides new findings which are extremely relevant to this area of research.

In addition, findings of this research have produced a novel contribution to the subject of Leadership-performance studies, thereby expanding the knowledge of the subject in terms of the following:

- 1) A comprehensive, novel, model for the implementation and evaluation of leadership styles and organisational performance features as presented in Figure 7.1 should be considered the main contribution of this thesis.
- 2) This model has been developed to address the lack of a theoretical model explaining the relationship between leadership styles and the performance of SMEs within the Egyptian Context as reported in Chapters 2 and 3 of this thesis.
- 3) The proposed model takes account of previous studies on leadership styles and organisational performance and this supports the conceptual level of the contribution to the current field made by this research.
- 4) The concept and process of the proposed model can be applied as a map for the evaluation process of leadership-SME performance, not only for SME managers

but also for larger organisations operating within the Egyptian context and additionally for 'not for profit' organisations as a learning process.

In addition to the theoretical contribution, the thesis provides methodological contributions for the following reasons: firstly, the thesis has provided a set of critical recommendations for the development and growth of SMEs operating in emerging economies. Secondly, the thesis has successfully compared the mediating impact of strategic planning and moderation impact of organisational culture in two different contexts. Thirdly, the current study contributes and extends the existing body of knowledge by introducing different data analysis based on exploring the practice of leadership and strategic planning within SMEs operating in developing countries in general and Egypt and the Middle East and North Africa (MENA) in particular.

### **7.3.2 Practical Importance**

The findings of this study provide meaningful insights for managers of private sector organisations for achieving higher organisational performance. These insights can be used generally by small and medium enterprises operating within the Egyptian context or in a similar context within an emerging economy as a guideline or roadmap for improving the practice of strategic planning and means of strengthening the effective impact of leaders on performance. In addition, the findings could be specifically applied to the leadership-SME performance relationship in developing countries. Whereby findings of the current research provide meaningful insights for SME owners, managers, directors, decision makers as well as researchers operating within the Egyptian context, emerging and developing markets with guideline for the growth and development of SMEs. Regarding the general implications for managers, the current thesis provided SME managers operating within the Egyptian context with firstly a validated conceptual



framework of leadership-performance relationship that allows managers as well as professionals to critically evaluate the impact of Leadership Styles on the overall performance of SMEs, through the moderator and mediator effect of Organisational Culture and Strategic Planning practices. Secondly, the thesis provides a better understanding of the most significant contingency factors directly or indirectly affecting the relationship between Leadership Styles and performance of SMEs. Thirdly, it offers insights into the practical differences between operating SMEs within developing as opposed to developed countries thus increasing Manager and Owner awareness. Finally, the thesis findings provide Managers and SME Owners within the Egyptian context a more detailed level of understanding of the mediatory influence of strategic planning and the moderating impact of organisational culture on enhancing and increasing the performance of SMEs.

Importantly the findings of the current research, provide further support for the notion that leadership styles can influence organisational performance and that leadership styles have a significant impact on the practice of strategic planning within SMEs. These findings suggest that both transformational and transactional leadership styles are essential to organisational performance and strategic planning and therefore leadership styles are an essential creation of successful strategic planning practices. However, it all depends on how well leaders can balance transactional and transformational styles and task and relationship orientation. Results show that leaders who choose to adopt a transactional style will have the most significant impact on the practice of strategic planning and will work within the current culture and follow existing norms, values, and procedures. Also, transactional leaders will reinforce the current practices of strategic planning within Egyptian SMEs. On the other hand, transformational

leadership allows top executives to adopt the organisational culture and realign it with the new visions to inspire employees to work beyond their objectives to achieve effective implementation of strategic planning. According to Bass and Avolio (2004), transformational and transactional leadership styles could be learned through training programmes. This holds an important message for management that individuals can develop transformational and transactional leadership qualities which will have a positive impact on SME performance.

Furthermore, the results show that strategic planning mediates the impact of leadership styles on organisational performance. This finding supports the understanding of management within SMEs to appreciate the importance of the effective practice of strategic planning. To achieve higher organisational performance, it is very important for organisations that managers should adopt a leadership style that, firstly, supports the environment of implementing strategic planning activities and, secondly, is consistent with the organisational culture within organisations. Therefore, to achieve higher organisational performance within SMEs, managers should consider both strategic planning and leadership styles that are consistent with each other and help to enhance overall performance.

This study also highlights the importance of organisational culture in the leadership-performance relationship wherein the results indicate that the effectiveness of leadership styles is contingent upon the type of organisational culture. Based on the findings of the current research organisational culture plays an important role in achieving high organisational performance. In addition, it has been shown that leadership style is also influenced by organisational culture and that leadership style influences organisational performance, it could therefore be argued that leadership influences organisational performance through the moderating effect of organisational

culture. Therefore, these findings are particularly important for SMEs operating within a competitive market and for firms that are going through a change process. Owing to the economic and political changes that have taken place in Egypt since 2011, due to the economic situation organisations inevitably need to go through structural, cultural and managerial changes. It is important for managers to understand the organisational culture and leadership style relationship in two ways because both have a big impact on organisational performance and they cannot be separated from each other since organisational culture influences leadership style and vice versa. Organisational factors such as flexibility/stability, focus on internal/external, or two-way effective communications have a crucial impact on the success of any organisation which shows how organisational culture and leadership style are related and should be managed. Furthermore, it is also crucial to keep in mind that the leadership-performance relationship is also influenced by organisational culture and the practice of strategic planning within the organisation. Therefore, management needs to consider the importance of cultural dimensions and cultural differences that exist amongst its employees which cannot be considered the same or similar for every individual even within the same country.

Furthermore, following the general implications of this study, it could also be argued that its findings can have practical implications for the management of SMEs in developing countries that have a culture that is similar to that of Egypt. In order to be more competitive, SMEs need to improve organisational performance, to achieve that they need to implement change, including strategic planning and organisational culture changes. Finally, it was found that leadership had a noteworthy impact on the performance of SMEs operating within the Egyptian context. Hence, these findings

suggest that leaders should use this mechanism appropriately to establish the forms of thinking and the levels of motivation and behaviours that are important for the practice of strategic planning. When strategic planning is in focus, leaders must devote time and attention to planning activities and issues, and they can do so through using every-day leadership styles that send a clear message.

Finally, to summarise, table 7.1 highlights the proposed research questions in relation to research contributions within the literature.

**Table 7.1 Summary of Research Questions and Contributions to the literature**

Research Questions	Yes/No	Contributions
Do leadership styles affect SMEs' overall performance?	Answered through the first empirical study.	Enhance the literature about the impact of leadership styles on SMEs financial performance within developing economies.
Do strategic planning activities have significant impact on SMEs financial performance in Egypt?	Answered through the second empirical study.	Exploring the practice of strategic planning within SMEs operating in Egypt
Do leadership styles affect the strategic planning practice in Egyptian's SMEs?	Answered through the third empirical study.	Investigating the effect of leadership styles on strategic planning practice in developing market.
Does strategic planning mediate the relationship between leadership styles and SMEs' performance?	Answered through the fourth empirical study.	Testing the mediation impact of strategic planning practices on leadership SMEs' performance within developing economy,
Does organisational culture moderate the relationship between Leadership Styles and SMEs' performance?	Answered through the fifth empirical study.	Explored the moderation effect of organisational culture dimensions on leadership -SMEs' performance relationship,
How do different leadership styles affect SMEs' Performance through the moderating effect of Organisational Culture and the mediating influence of Strategic Planning?	Answered through the five empirical models	Novel model that allows SMEs owners and managers to have a deeper understanding of the direct and indirect effect of strategic planning and organisational culture on leadership-SMEs financial performance relationship within the Egyptian context.

#### **7.4 Final Remark and Suggested Future Research**

Leadership, organisational culture, strategic planning and the performance of SMEs are major contemporary business topics. They are considered to be the important factors for business survival in this globally competitive market environment. Research related to these topics can be found in many professional journals, yet, no research has examined the relationships among leadership styles, organisational culture, strategic planning and SMEs financial performance with an integrated model within a new, emerging economy. The research in this thesis has attempted to fill this shortfall and more specifically, it aimed to investigate the relationship between leadership styles and SME performance, with a specific focus on the mediating role of strategic planning and interaction of organisational culture on such relationships. To achieve the aims of the study, a research model comprising four concepts of leadership styles, strategic planning practices, organisational culture, and organisational performance was developed. The research model and hypotheses were assessed using a series of quantitative techniques, specifically Exploratory Factor Analysis (EFA), Confirmatory Factor Analysis (CFA), and regression analysis. These analyses were conducted upon data obtained from a questionnaire survey of Egyptian SMEs. Based on research findings, this study sheds additional light on the leadership, strategic planning, organisational culture and organisational performance research field by providing new empirical evidence in respect of the relationships amongst these four concepts. More specifically, the results of this study indicate that transformational and transactional leadership styles are positively related to SME performance. In addition, strong levels of hierarchy and market culture would attenuate the impact of leadership styles on SME performance. Importantly, the results of this study also suggest that strategic planning

practices play a crucial role in building and maintaining a supportive environment for better SME performance through mediation. These findings, thus, provide practical implications to managers/leaders of SMEs by offering a preliminary map that explains the leadership styles and organisational mechanisms for boosting performance. It suggests that leaders must attach a high value to the practice of strategic planning, encouraging questioning and experimentation through empowerment, building trust, and facilitating experimental learning of knowledge with their staff. Finally, this thesis closes with recommended future research directions which hopefully would help pave the way for researchers willing to enhance and extend the findings of the research carried out in this thesis.

The current study provides a set of future research directions based on its data collection approach and findings in relation to the Egyptian context. In fact, the current research has thrown up several questions in need of further investigation;

Firstly, the current study was conducted on SMEs operating within the Egyptian context, which raises a question on the generalisability of the findings in relation to the impact of leadership styles on the performance of SMEs across different countries and within different contexts.

Secondly, the scope of the study was limited to report the influence of strategic planning and organisational culture within SMEs operating in Egypt. Further research is needed to report the mediation impact of strategic planning and organisational culture within a large organisation or multinational corporation operating within the Egyptian context.

Thirdly, the current study measured performance using subjective methods i.e. self-administered questionnaires. Future research is needed to compare the objective and subjective measurement of the SME performance operating in both developed and developing markets.

Fourthly, there is a need to conduct the impact of leadership styles and strategic planning practice on the firm performance of listed companies within the Egyptian stock market. This would provide a better understanding of how the practice of strategic planning could affect the performance of large organisations operating within the Egyptian context.

Fifthly, a longitudinal research design could be used to report changes and improvement of the practice of strategic planning practice within SMEs over time in order to better understand the impact of organisational culture type on the performance of SMEs.

Sixthly, future research should focus on conducting comparative studies between different SMEs operating in North Africa and Middle Eastern countries to provide a managerial roadmap addressing the growth and profitability of SMEs. Furthermore, it would be beneficial to conduct several empirical studies on the role of strategic planning and organisational studies of SMEs operating within emerging markets and to compare results.

Seventhly, there is a need for future research to compare the practice of strategic planning within SMEs operating in developed and developing countries. In addition, there is a need to include the impact of national culture on the relationship between leadership styles and strategic planning practices.

Finally, future research should address the practice of digital leadership within SMEs. The research should aim towards developing a practical model of using digital leadership to be followed by SMEs operating in both developed and emerging markets.

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## Appendix A: Self-Administered Questionnaire



### Cover Letter

Dear Respondent,

I am a PhD candidate at University of West London, under the supervision of Professor. Chin Bun-Tse, Head of research at the Claude Littner Business School, University of West London, London, UK.

This research is entitled as:

### ***LEADERSHIP & SMEs' PERFORMANCE: A STRATEGIC PLANNING AND ORGANISATIONAL CULTURE PERSPECTIVE***

The aim of study is twofold, i.e. to assess whether the impact of Leadership styles on organisational performance is mediated by Strategic planning practices and to explore the moderating effects of organisational culture and on the relationship between leadership style and Organisational performance. Secondly, to generate a comprehensive model to contribute the knowledge regarding the constructs which significantly determine the impact of Leadership styles on organisational performance using strategic planning as mediator and organisational culture and as moderator.

This study will require you to complete the survey questionnaire (attached) which takes approximately 25 to 40 minutes. Your participation is voluntary, and if you do not wish to participate please discards the questionnaire. Your name and any information you provide will be kept strictly confidential and will not be attributed to the individual or

organisation. Completed questionnaire response will be stored in secure environment, and the results of research would be used for only academic purpose.

If you have any question or concern about this study, please contact the investigator: Mr. Yehia Nawar, PhD Student, Claude Littner Business School, University of West London. Email: [yehia.nawar@uwl.ac.uk](mailto:yehia.nawar@uwl.ac.uk).

Your help would be greatly appreciated, thank you very much for your time and cooperation.

**Consent:**

I wish to be identified in the report

YES ☐ NO ☐

I have read the above information and I agree to participate in this study (Please Tick)

Researcher Signature

Yehia Nawar



Claude Littner Business School

Research Ethics

### **Participant Information Sheet**

- 1. Title of Research:** The mediating influence of Strategic planning and moderating impact of organisational culture on the Leadership -Performance relationship: the case of Egyptian SMEs.
- 2. Researcher:** Yehia Nawar, PhD Candidate, Claude Littner Business School, University of West London.
- 3. Contact Email:** [21267244@student.uwl.ac.uk](mailto:21267244@student.uwl.ac.uk)
- 4. Purpose of the research:** To investigate the relationship among leadership styles organisational culture, Strategic planning and organisational Performance.
- 5. What is involved:** participants will be asked to fill the questionnaire
- 6. Voluntary nature of participation and confidentiality.**

This is an anonymous survey whereby all responses will remain confidential and analysed at an aggregate. The data collected will be used for academic purpose only and has been approved by the university ethics committee. Your participation is strictly voluntary. You can freely skip any question if you do not feel comfortable in answering. The estimated time to fill the questionnaire is about 25 to 40 minutes. Please be assured that the data collected from you and others are stored electronically at the university and are password protected. It will be kept for a minimum of five years.

## Survey Questionnaire

Dear Participants,

This questionnaire is designed to measure *“the Influence of Strategic Planning and Organisational Culture on Leadership-Performance Relationship”*.

Please thoroughly answer the questions provided. Any information will be anonymous.

Thank you.

<b>Part 1: Organisational Culture:</b>							
Using the following scale, <i>please indicate to what extent you agree with the following statements about your Organisational culture and the ways your organization operates.</i>							
<i>Strongly Disagree</i> <b>1</b>		<i>Disagree</i> <b>2</b>	<i>Neutral</i> <b>3</b>	<i>Somewhat agree</i> <b>4</b>	<i>Strongly Agree</i> <b>5</b>		
<b>In my organisation ...</b>							
1	The company is a personal place, it is like an extended family and People seem to share a lot of themselves.		1	2	3	4	5
2	The leadership in the company is generally considered to exemplify mentoring, facilitating, or nurturing.		1	2	3	4	5
3	The management style in the company is characterized by teamwork, consensus and participation.		1	2	3	4	5
4	The 'glue' that holds the company together is loyalty and mutual trust. Commitment to the company runs high.		1	2	3	4	5
5	The company emphasises human development. High trust, openness and participation persist.		1	2	3	4	5
6	The company defines success based on the development of human resources, teamwork, employee commitment and concern for people.		1	2	3	4	5
7	The company is a dynamic entrepreneurial place. People are willing to stick their necks out and take risks.		1	2	3	4	5
8	The leadership in the company is generally considered to exemplify entrepreneurship, innovating, or risk-taking.		1	2	3	4	5
9	The management style in the company is characterized by individual risk-taking, innovation, freedom and uniqueness.		1	2	3	4	5
10	The 'glue' that holds the company together is commitment to innovation and development. There is an emphasis on being on the cutting edge.		1	2	3	4	5
11	The company emphasises acquiring new resources and creating new challenges. Trying new things and prospecting for opportunities are valued.		1	2	3	4	5
12	The company defines success based on having unique, or the newest,		1	2	3	4	5

	products. It is a product leader and innovator.					
13	The Company is results orientated. A major concern is with getting the job done. People are very competitive, and achievement orientated.	1	2	3	4	5
14	The leadership in the company is generally considered to exemplify a no-nonsense, aggressive, results orientated focus.	1	2	3	4	5
15	The management style in the company is characterized by hard-driving competitiveness, high demands and achievement	1	2	3	4	5
16	The 'glue' that holds the company together is the emphasis on achievement and goal accomplishment.	1	2	3	4	5
17	The company emphasises competitive actions and achievement. Hitting stretch targets and winning in the marketplace are dominant	1	2	3	4	5
18	The company defines success based on winning in the marketplace and outpacing the competition. Competitive market leadership is the key.	1	2	3	4	5
19	The company is a controlled and structured place. Formal procedures generally govern what people do.	1	2	3	4	5
20	The leadership in the company is generally considered to exemplify co-ordinating, organizing, and smooth-running efficiency.	1	2	3	4	5
21	The management style in the company is characterized by security of employment, conformity, predictability and stability in relationships.	1	2	3	4	5
22	The 'glue' that holds the company together is formal rules and policies. Maintaining a smooth-running company is important.	1	2	3	4	5
23	The company emphasises permanence and stability. Efficiency, control and smooth operations are important.	1	2	3	4	5
24	The company defines success based on efficiency. Dependable delivery, smooth scheduling and low-cost production are critical.	1	2	3	4	5
<b>Part 2: Strategic planning</b>						
Use the following scale; <b><i>Please indicate how frequently each of the following processes and tools are used in the Strategic Planning within your organization.</i></b>						
<b>No Emphasis emphasis</b>		<b>Less Emphasis</b>		<b>Moderate Frequency</b>		<b>Emphasis</b>
<b>1</b>		<b>2</b>		<b>3</b>		<b>4</b>
						<b>5</b>
<b>Attention to Internal Aspect</b>						
1	Customer services	1	2	3	4	5
2	Efficiency of operating processes	1	2	3	4	5
3	Attracting and retaining high-quality employees	1	2	3	4	5
4	Analysis of financial strengths and weaknesses	1	2	3	4	5
<b>Attention to Externals Aspect</b>						
5	Analysis of investment opportunities	1	2	3	4	5
6	Analysis of competition	1	2	3	4	5



7	Performing market research	1	2	3	4	5										
<b>Use of strategic /Planning Technique</b>																
8	Porter's five-forces analysis	1	2	3	4	5										
9	Financial analysis	1	2	3	4	5										
10	Value chain analysis	1	2	3	4	5										
11	Portfolio analysis (e.g. BCG: growth- share)	1	2	3	4	5										
12	Core capability/ competence analysis	1	2	3	4	5										
13	Scenario construction	1	2	3	4	5										
14	Human resource analysis	1	2	3	4	5										
15	Analysis of organisational culture	1	2	3	4	5										
16	PEST or STEP analysis	1	2	3	4	5										
17	Analysis of key (critical) success factors	1	2	3	4	5										
<b>Degree of involvement of key personal (CEO/Owner) in strategic planning process.</b>																
18	Consideration and elaboration of strategic issues	1	2	3	4	5										
19	Generation of strategic proposals	1	2	3	4	5										
20	Evaluation of strategic proposals	1	2	3	4	5										
21	Choosing strategic proposals	1	2	3	4	5										
<b>Part 3: Leadership Styles</b>																
Using the following scale, <b><i>please rate your immediate supervisor/team leader by circling your choice on the following statements</i></b>																
<table border="0" style="width: 100%;"> <tr> <td style="text-align: center;">Not at all</td> <td style="text-align: center;">Once in a while</td> <td style="text-align: center;">Sometimes</td> <td style="text-align: center;">Fairly often</td> <td style="text-align: center;">Always</td> </tr> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> </tr> </table>							Not at all	Once in a while	Sometimes	Fairly often	Always	0	1	2	3	4
Not at all	Once in a while	Sometimes	Fairly often	Always												
0	1	2	3	4												
<b>My Manager/Leader...</b>																
1	Instils pride in me for being associated with him/her	0	1	2	3	4										
2	Goes beyond self-interest for the good of the group	0	1	2	3	4										
3	Acts in ways that build my respect	0	1	2	3	4										
4	Displays a sense of power and confidence	0	1	2	3	4										
5	Talks about his/her most important values and beliefs	0	1	2	3	4										
6	Specifies the importance of having a strong sense of purpose	0	1	2	3	4										
7	Considers the moral and ethical consequences of decisions	0	1	2	3	4										
8	Emphasizes the importance of having a collective sense of mission	0	1	2	3	4										
9	Talks optimistically about the future	0	1	2	3	4										
10	Talks enthusiastically about what needs to be accomplished	0	1	2	3	4										
11	Articulates a compelling version of the future	0	1	2	3	4										

12	Expresses confidence that goals will be achieved	0	1	2	3	4
13	Re-examines critical assumptions to questions whether they are appropriate	0	1	2	3	4
14	Seeks differing perspectives when solving problems	0	1	2	3	4
15	Gets me to look at problems from many different angles	0	1	2	3	4
16	Suggests new ways of looking at how to complete assignments	0	1	2	3	4
17	Spends time teaching and coaching	0	1	2	3	4
18	Treats me as an individual rather than just a member of a group	0	1	2	3	4
19	Considers me as having different needs, abilities, and aspirations from others	0	1	2	3	4
20	Helps me to develop my strengths	0	1	2	3	4
21	Provides me with assistance in exchange for my efforts	0	1	2	3	4
22	Discusses in specific terms who is responsible for achieving performance	0	1	2	3	4
23	Makes clear what one can expect to receive when performance goals are achieved	0	1	2	3	4
24	Expresses satisfaction when I meet expectations	0	1	2	3	4
25	Focuses attention on irregularities, mistakes, exceptions and deviations	0	1	2	3	4
26	Concentrates his/her full intention on dealing with mistakes, complaints, and failures	0	1	2	3	4
27	Keeps track of all mistakes	0	1	2	3	4
28	Directs my attention towards failure to meet standards	0	1	2	3	4
29	Fails to interfere until problems become serious	0	1	2	3	4
30	Waits for things to go wrong before acted	0	1	2	3	4
31	Shows that he/she is a firm believer in "If it isn't broke, don't fix it"	0	1	2	3	4
32	Demonstrates that problems must become chronic before acting	0	1	2	3	4
33	Avoids getting involved when important issues arise	0	1	2	3	4
34	Is absent when needed	0	1	2	3	4
35	Avoids making decisions	0	1	2	3	4
36	Delays responding to urgent questions	0	1	2	3	4
<b>Part 4: Organisational Performance</b>						
<i>Firm performance: In past 3 years our ...</i>						
<b>Strongly decrease</b>		<b>Decreased</b>	<b>Not affected</b>	<b>Increased</b>	<b>Strongly Increased</b>	
<b>1</b>		<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
1	Overall financial performance in the past three years.	1	2	3	4	5
2	Competitive position	1	2	3	4	5

3	Sales Growth	1	2	3	4	5
3	Efficiency of operations	1	2	3	4	5
5	Employment growth	1	2	3	4	5

### **Part 5: Demographic**

<p><b>1. Age:</b></p> <p><input type="checkbox"/> 16-24</p> <p><input type="checkbox"/> 25-34</p> <p><input type="checkbox"/> 35-44</p> <p><input type="checkbox"/> 45-54</p> <p><input type="checkbox"/> 55 and Above</p> <p><b>2. Gender:</b></p> <p><input type="checkbox"/> Female</p> <p><input type="checkbox"/> Male</p> <p><b>3. Highest Completed Level of Education:</b></p> <p><input type="checkbox"/> College Degree</p> <p><input type="checkbox"/> University Degree</p> <p><input type="checkbox"/> Master's degree</p> <p><input type="checkbox"/> PhD degree</p> <p><b>4. Tenure /Experience:</b></p> <p><input type="checkbox"/> Less than 1 year</p> <p><input type="checkbox"/> 1-5 years</p> <p><input type="checkbox"/> 6-10 years</p> <p><input type="checkbox"/> 11-15 years</p> <p><input type="checkbox"/> More than 15 years</p> <p><b>5. Business life Time.</b></p> <p><input type="checkbox"/> Less than 1 year</p> <p><input type="checkbox"/> 1-5 years</p> <p><input type="checkbox"/> 6-10 years</p> <p><input type="checkbox"/> 11-15 years</p>	<p><b>7. What best describes my position:</b></p> <p><input type="checkbox"/> CEO</p> <p><input type="checkbox"/> Senior Manager</p> <p><input type="checkbox"/> Middle Manager</p> <p><input type="checkbox"/> Junior Manager</p> <p><b>8. Business Sector:</b></p> <p><input type="checkbox"/> Service</p> <p><input type="checkbox"/> Trade</p> <p><input type="checkbox"/> Construction</p> <p><input type="checkbox"/> Manufacturing</p> <p><input type="checkbox"/> Tourism</p> <p><input type="checkbox"/> Others .....</p> <p><b>9. Sector Type:</b></p> <p><input type="checkbox"/> Public Sector</p> <p><input type="checkbox"/> Private Sector</p> <p><b>10. Planning Horizon</b></p> <p><input type="checkbox"/> Less than one year</p> <p><input type="checkbox"/> One year</p> <p><input type="checkbox"/> More than one year</p> <p><input type="checkbox"/> Less than 5 years</p> <p><input type="checkbox"/> More than 5 years</p>
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<div><input type="checkbox"/> More than 15 years</div> <div><b>6. City of residence:</b></div> <div><input type="checkbox"/> Cairo</div> <div><input type="checkbox"/> Alexandria</div> <div><input type="checkbox"/> Other: _____</div>	
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***Thank You***  
***Research Team***

## Appendix B: Output of Multiple Regression Analysis of the 5 Empirical Models

### 1) First Empirical Model: Impact of Leadership styles on Organisational Performance

**Coefficients<sup>a</sup>**

Model		Collinearity Statistics	
		Tolerance	VIF
1	Transformational Leadership Styles	.584	1.711
	Transactional Leadership Styles	.585	1.711
	Passive Avoidant Leadership Styles	.947	1.056
	FA Dummy	.944	1.059
	Firm Ownership Dummy	.974	1.027
	Firm Industry Dummy	.925	1.081

a. Dependent Variable: Organisational Performance

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.480 <sup>a</sup>	.231	.214	.69588	.231	13.808	6	276	.000

a. Predictors: (Constant), Firm Industry Dummy, Transactional Leadership Styles, Passive Avoidant Leadership Styles, Firm Ownership Dummy, FA Dummy, Transformational Leadership Styles

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.120	6	6.687	13.808	.000 <sup>b</sup>
	Residual	133.655	276	.484		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Firm Industry Dummy, Transactional Leadership Styles, Passive Avoidant Leadership Styles, Firm Ownership Dummy, FA Dummy, Transformational Leadership Styles

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.488	.233		10.678	.000
	Transformational Leadership Styles	.262	.076	.239	3.462	.001
	Transactional Leadership Styles	.254	.076	.230	3.338	.001
	Passive Avoidant Leadership Styles	-.088	.046	-.104	-1.925	.055
	FA Dummy	.175	.099	.096	1.762	.079
	Firm Ownership Dummy	-.044	.126	-.019	-.349	.728
	Firm Industry Dummy	-.286	.088	-.178	-3.236	.001

a. Dependent Variable: Organisational Performance

## 2) Second Empirical Model: Impact of leaderships on Strategic Planning Performance

**Coefficients<sup>a</sup>**

Model		Collinearity Statistics	
		Tolerance	VIF
1	Transformational Leadership Styles	.584	1.711
	Transactional Leadership Styles	.585	1.711
	Passive Avoidant Leadership Styles	.947	1.056
	FA Dummy	.944	1.059
	Firm Ownership Dummy	.974	1.027
	Firm Industry Dummy	.925	1.081

a. Dependent Variable: Strategic Planning Practices

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.538 <sup>a</sup>	.289	.274	.59114	.289	18.724	6	276	.000

a. Predictors: (Constant), Firm Industry Dummy, Transactional Leadership Styles, Passive Avoidant Leadership Styles, Firm Ownership Dummy, FA Dummy, Transformational Leadership Styles

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.258	6	6.543	18.724	.000 <sup>b</sup>
	Residual	96.448	276	.349		
	Total	135.706	282			

a. Dependent Variable: Strategic Planning Practices

b. Predictors: (Constant), Firm Industry Dummy, Transactional Leadership Styles, Passive Avoidant Leadership Styles, Firm Ownership Dummy, FA Dummy, Transformational Leadership Style

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.496	.198		12.611	.000
	Transformational Leadership Styles	.225	.064	.232	3.499	.001
	Transactional Leadership Styles	.328	.065	.338	5.086	.000
	Passive Avoidant Leadership Styles	-.102	.039	-.136	-2.613	.009
	FA Dummy	-.032	.084	-.020	-.377	.706
	Firm Ownership Dummy	-.107	.107	-.051	-1.000	.318
	Firm Industry Dummy	-.056	.075	-.040	-.752	.453

a. Dependent Variable: Strategic Planning Practices

## 2) Third Empirical Model: The Impact of Strategic Planning Practices on Organisational Performance

**Coefficients<sup>a</sup>**

Model		Collinearity Statistics	
		Tolerance	VIF
1	Internal Orientation	.467	2.139
	External Orientation	.429	2.332
	Strategic Techniques	.345	2.899
	Involvement of Key Personnel	.507	1.971
	FA Dummy	.922	1.085
	Firm Ownership Dummy	.956	1.046
	Firm Industry Dummy	.943	1.061

a. Dependent Variable: Organisational Performance

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.622 <sup>a</sup>	.387	.371	.62255	.387	24.768	7	275	.000

a. Predictors: (Constant), Firm Industry Dummy, Involvement of Key Personnel, Firm Ownership Dummy, FA Dummy, Internal Orientation, External Orientation, Strategic Techniques

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	67.194	7	9.599	24.768	.000 <sup>b</sup>
	Residual	106.581	275	.388		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Firm Industry Dummy, Involvement of Key Personnel, Firm Ownership Dummy, FA Dummy, Internal Orientation, External Orientation, Strategic Techniques

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.042	.245		4.255	.000
	Internal Orientation	.308	.071	.300	4.339	.000
	External Orientation	.045	.068	.048	.664	.507
	Strategic Techniques	.288	.082	.283	3.523	.000
	Involvement of Key Personnel	.035	.059	.039	.582	.561
	FA Dummy	.239	.090	.131	2.667	.008
	Firm Ownership Dummy	.053	.114	.023	.467	.641
	Firm Industry Dummy	-.250	.078	-.156	-3.200	.002

a. Dependent Variable: Organisational Performance

#### 4) Fourth Empirical Model: Mediation impact of Strategic Planning on Leadership-performance Relationship

##### 1) TFLS-----SP---OP

Model Summary						Change Statistics			
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.440 <sup>a</sup>	.194	.182	.70997	.194	16.688	4	278	.000

a. Predictors: (Constant), Firm Industry Dummy, Transformational Leadership Styles, Firm Ownership Dummy, FA Dummy

ANOVA <sup>a</sup>									
Model		Sum of Squares	df	Mean Square	F				Sig.
1	Regression	33.647	4	8.412	16.688				.000 <sup>b</sup>
	Residual	140.128	278	.504					
	Total	173.775	282						

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Firm Industry Dummy, Transformational Leadership Styles, Firm Ownership Dummy, FA Dummy

Coefficients <sup>a</sup>									
Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.			
		B	Std. Error						
1	(Constant)	2.498	.211		11.822	.000			
	Transformational Leadership Styles	.433	.059	.396	7.330	.000			
	FA Dummy	.213	.100	.117	2.116	.035			
	Firm Ownership Dummy	-.015	.128	-.006	-.115	.909			
	Firm Industry Dummy	-.273	.089	-.170	-3.062	.002			

a. Dependent Variable: Organisational Performance

##### LS-----on SP

Model Summary						Change Statistics			
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.461 <sup>a</sup>	.213	.202	.61987	.213	18.796	4	278	.000

a. Predictors: (Constant), Firm Industry Dummy, Transformational Leadership Styles, Firm Ownership Dummy, FA Dummy

ANOVA <sup>a</sup>									
Model		Sum of Squares	df	Mean Square	F				Sig.
1	Regression	28.889	4	7.222	18.796				.000 <sup>b</sup>
	Residual	106.817	278	.384					
	Total	135.706	282						

a. Dependent Variable: Strategic Planning Practices

b. Predictors: (Constant), Firm Industry Dummy, Transformational Leadership Styles, Firm Ownership Dummy, FA Dummy

Coefficients <sup>a</sup>									
Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.			
		B	Std. Error						
1	(Constant)	2.536	.184		13.743	.000			
	Transformational Leadership Styles	.444	.052	.459	8.616	.000			
	FA Dummy	.017	.088	.011	.199	.843			
	Firm Ownership Dummy	-.067	.111	-.032	-.602	.547			
	Firm Industry Dummy	-.043	.078	-.030	-.557	.578			

a. Dependent Variable: Strategic Planning Practices

##### LS-SP----- OP

Model Summary									
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate				
1		.624 <sup>a</sup>	.389	.378	.61889				

a. Predictors: (Constant), Firm Industry Dummy, Transformational Leadership Styles, Firm Ownership Dummy, FA Dummy, Strategic Planning Practices



ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	67.676	5	13.535	35.337	.000 <sup>b</sup>
	Residual	106.099	277	.383		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Firm Industry Dummy, Transformational Leadership Styles, Firm Ownership Dummy, FA Dummy, Strategic Planning Practices

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.067	.239		4.470	.000
	Transformational Leadership Styles	.182	.058	.166	3.143	.002
	Strategic Planning Practices	.564	.060	.499	9.426	.000
	FA Dummy	.203	.088	.111	2.315	.021
	Firm Ownership Dummy	.023	.111	.010	.209	.835
	Firm Industry Dummy	-.248	.078	-.154	-3.197	.002

a. Dependent Variable: Organisational Performance

## 2) TALS---SPP---OP

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			
						F Change	df1	df2	Sig. F Change
1	.423 <sup>a</sup>	.179	.167	.71646	.179	15.133	4	278	.000

a. Predictors: (Constant), Firm Industry Dummy, Transactional Leadership Styles, Firm Ownership Dummy, FA Dummy

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.072	4	7.768	15.133	.000 <sup>b</sup>
	Residual	142.702	278	.513		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Firm Industry Dummy, Transactional Leadership Styles, Firm Ownership Dummy, FA Dummy

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.637	.205		12.890	.000
	Transactional Leadership Styles	.417	.060	.379	6.910	.000
	FA Dummy	.144	.102	.079	1.415	.158
	Firm Ownership Dummy	-.070	.129	-.030	-.544	.587
	Firm Industry Dummy	-.264	.090	-.164	-2.934	.004

a. Dependent Variable: Organisational Performance

## TALS—SP

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			
						F Change	df1	df2	Sig. F Change
1	.479 <sup>a</sup>	.230	.219	.61316	.230	20.739	4	278	.000

a. Predictors: (Constant), Firm Industry Dummy, Transactional Leadership Styles, Firm Ownership Dummy, FA Dummy

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.188	4	7.797	20.739	.000 <sup>b</sup>
	Residual	104.518	278	.376		
	Total	135.706	282			

a. Dependent Variable: Strategic Planning Practices

b. Predictors: (Constant), Firm Industry Dummy, Transactional Leadership Styles, Firm Ownership Dummy, FA Dummy

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.582	.175		14.748	.000
	Transactional Leadership Styles	.468	.052	.481	9.055	.000
	FA Dummy	-.058	.087	-.036	-.670	.503
	Firm Ownership Dummy	-.133	.111	-.064	-1.204	.229
	Firm Industry Dummy	-.031	.077	-.022	-.401	.689

a. Dependent Variable: Strategic Planning Practices

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			
						F Change	df1	df2	Sig. F Change
1	.617 <sup>a</sup>	.381	.370	.62316	.381	34.099	5	277	.000

a. Predictors: (Constant), Firm Industry Dummy, Transactional Leadership Styles, Firm Ownership Dummy, FA Dummy, Strategic Planning Practices

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	66.207	5	13.241	34.099	.000 <sup>b</sup>
	Residual	107.567	277	.388		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Firm Industry Dummy, Transactional Leadership Styles, Firm Ownership Dummy, FA Dummy, Strategic Planning Practices

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.140	.238		4.799	.000
	Transactional Leadership Styles	.146	.060	.133	2.442	.015
	Strategic Planning Practices	.580	.061	.512	9.512	.000
	FA Dummy	.178	.089	.097	2.008	.046
	Firm Ownership Dummy	.007	.113	.003	.061	.951
	Firm Industry Dummy	-.246	.078	-.153	-3.143	.002

a. Dependent Variable: Organisational Performance

### 3) PALS---SPP----OP

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			
						F Change	df1	df2	Sig. F Change
1	.232 <sup>a</sup>	.054	.040	.76904	.054	3.957	4	278	.004

a. Predictors: (Constant), Firm Industry Dummy, Firm Ownership Dummy, Passive Avoidant Leadership Styles, FA Dummy

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.361	4	2.340	3.957	.004 <sup>b</sup>
	Residual	164.414	278	.591		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Firm Industry Dummy, Firm Ownership Dummy, Passive Avoidant Leadership Styles, FA Dummy

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.830	.176		21.821	.000
	Passive Avoidant Leadership Styles	-.108	.050	-.128	-2.175	.030
	FA Dummy	.200	.109	.110	1.839	.067
	Firm Ownership Dummy	.040	.138	.017	.292	.770
	Firm Industry Dummy	-.328	.097	-.204	-3.367	.001

a. Dependent Variable: Organisational Performance

#### PALS—SPP

##### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.163 <sup>a</sup>	.027	.013	.68930

a. Predictors: (Constant), Firm Industry Dummy, Firm Ownership Dummy, Passive Avoidant Leadership Styles, FA Dummy

##### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.617	4	.904	1.903	.110 <sup>b</sup>
	Residual	132.089	278	.475		
	Total	135.706	282			

a. Dependent Variable: Strategic Planning Practices

b. Predictors: (Constant), Firm Industry Dummy, Firm Ownership Dummy, Passive Avoidant Leadership Styles, FA Dummy

##### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	3.912	.157		24.867	.000
	Passive Avoidant Leadership Styles	-.117	.045	-.156	-2.617	.009
	FA Dummy	.005	.098	.003	.047	.962
	Firm Ownership Dummy	-.010	.124	-.005	-.078	.937
	Firm Industry Dummy	-.101	.087	-.071	-1.160	.247

a. Dependent Variable: Strategic Planning Practices

#### PALS-SPP-OP

##### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.608 <sup>a</sup>	.369	.358	.62910

a. Predictors: (Constant), Firm Industry Dummy, Strategic Planning Practices, Firm Ownership Dummy, FA Dummy, Passive Avoidant Leadership Styles

##### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	64.147	5	12.829	32.416	.000 <sup>b</sup>
	Residual	109.628	277	.396		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Firm Industry Dummy, Strategic Planning Practices, Firm Ownership Dummy, FA Dummy, Passive Avoidant Leadership Styles

##### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.311	.258		5.083	.000
	Passive Avoidant Leadership Styles	-.033	.041	-.039	-.802	.423
	Strategic Planning Practices	.644	.055	.569	11.766	.000
	FA Dummy	.197	.089	.108	2.214	.028
	Firm Ownership Dummy	.047	.113	.020	.413	.680
	Firm Industry Dummy	-.263	.080	-.163	-3.290	.001

a. Dependent Variable: Organisational Performance

## 5) Fifth Empirical Model: Moderation effect of organisational culture dimensions on leadership-performance relationship.

### 1) Moderation of CC on TFLS---OP

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.440 <sup>a</sup>	.194	.182	.70997

a. Predictors: (Constant), Firm Industry Dummy, Transformational Leadership Styles, Firm Ownership Dummy, FA Dummy

ANOVA <sup>a</sup>					
Model		Sum of Squares	df	Mean Square	Sig.
1	Regression	33.647	4	8.412	.000 <sup>b</sup>
	Residual	140.128	278	.504	
	Total	173.775	282		

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Firm Industry Dummy, Transformational Leadership Styles, Firm Ownership Dummy, FA Dummy

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.498	.211		11.822	.000
	Transformational Leadership Styles	.433	.059	.396	7.330	.000
	FA Dummy	.213	.100	.117	2.116	.035
	Firm Ownership Dummy	-.015	.128	-.006	-.115	.909
	Firm Industry Dummy	-.273	.089	-.170	-3.062	.002

a. Dependent Variable: Organisational Performance

TFLS-CC-OP

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.444 <sup>a</sup>	.197	.182	.70981

a. Predictors: (Constant), Clan Culture, Firm Industry Dummy, Firm Ownership Dummy, FA Dummy, Transformational Leadership Styles

ANOVA <sup>a</sup>					
Model		Sum of Squares	df	Mean Square	Sig.
1	Regression	34.214	5	6.843	.000 <sup>b</sup>
	Residual	139.561	277	.504	
	Total	173.775	282		

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Clan Culture, Firm Industry Dummy, Firm Ownership Dummy, FA Dummy, Transformational Leadership Styles

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.355	.251		9.388	.000
	Transformational Leadership Styles	.411	.063	.375	6.559	.000
	FA Dummy	.219	.101	.120	2.180	.030
	Firm Ownership Dummy	-.022	.128	-.009	-.174	.862
	Firm Industry Dummy	-.271	.089	-.169	-3.047	.003
	Clan Culture	.056	.053	.061	1.061	.290

a. Dependent Variable: Organisational Performance

TFLS—CC—TFLS\*CC—OP

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.446 <sup>a</sup>	.199	.181	.71024

a. Predictors: (Constant), CCTFLS Moderator, FA Dummy, Firm Ownership Dummy, Transformational Leadership Styles, Firm Industry Dummy, Clan Culture

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.551	6	5.758	11.416	.000 <sup>b</sup>
	Residual	139.224	276	.504		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), CCTFLS Moderator, FA Dummy, Firm Ownership Dummy, Transformational Leadership Styles, Firm Industry Dummy, Clan Culture

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.420	.263		9.187	.000
	Transformational Leadership Styles	.404	.063	.369	6.394	.000
	FA Dummy	.216	.101	.118	2.144	.033
	Firm Ownership Dummy	-.030	.128	-.013	-.232	.817
	Firm Industry Dummy	-.282	.090	-.176	-3.133	.002
	Clan Culture	.049	.053	.054	.927	.355
	CCTFLS Moderator	-.025	.030	-.046	-.817	.414

a. Dependent Variable: Organisational Performance

## 2) Moderation of CC on TALS---OP

TALS—OP

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.423 <sup>a</sup>	.179	.167	.71646

a. Predictors: (Constant), Firm Industry Dummy, Transactional Leadership Styles, Firm Ownership Dummy, FA Dummy

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.072	4	7.768	15.133	.000 <sup>b</sup>
	Residual	142.702	278	.513		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Firm Industry Dummy, Transactional Leadership Styles, Firm Ownership Dummy, FA Dummy

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.637	.205		12.890	.000
	Transactional Leadership Styles	.417	.060	.379	6.910	.000
	FA Dummy	.144	.102	.079	1.415	.158
	Firm Ownership Dummy	-.070	.129	-.030	-.544	.587
	Firm Industry Dummy	-.264	.090	-.164	-2.934	.004

a. Dependent Variable: Organisational Performance

TALS---CC---OP

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.425 <sup>a</sup>	.181	.166	.71698

a. Predictors: (Constant), Clan Culture, Firm Industry Dummy, Firm Ownership Dummy, FA Dummy, Transactional Leadership Styles

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.378	5	6.276	12.208	.000 <sup>b</sup>
	Residual	142.396	277	.514		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Clan Culture, Firm Industry Dummy, Firm Ownership Dummy, FA Dummy, Transactional Leadership Styles

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.532	.245		10.327	.000
	Transactional Leadership Styles	.397	.066	.361	6.054	.000
	FA Dummy	.152	.102	.083	1.487	.138
	Firm Ownership Dummy	-.073	.129	-.031	-.565	.573
	Firm Industry Dummy	-.264	.090	-.164	-2.927	.004
	Clan Culture	.042	.054	.046	.772	.441

a. Dependent Variable: Organisational Performance

TALS---CC---TALS\*CC---OP

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.426 <sup>a</sup>	.182	.164	.71777

a. Predictors: (Constant), CCTALS Moderator, Firm Industry Dummy, Firm Ownership Dummy, FA Dummy, Transactional Leadership Styles, Clan Culture

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.583	6	5.264	10.217	.000 <sup>b</sup>
	Residual	142.192	276	.515		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), CCTALS Moderator, Firm Industry Dummy, Firm Ownership Dummy, FA Dummy, Transactional Leadership Styles, Clan Culture

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.466	.267		9.220	.000
	Transactional Leadership Styles	.402	.066	.365	6.080	.000
	FA Dummy	.161	.103	.088	1.555	.121
	Firm Ownership Dummy	-.071	.130	-.030	-.546	.585
	Firm Industry Dummy	-.262	.090	-.163	-2.900	.004
	Clan Culture	.052	.057	.057	.919	.359
	CCTALS Moderator	.020	.032	.037	.630	.529

a. Dependent Variable: Organisational Performance

No moderation: CC---TALS—OP

### 3) Moderation of CC on PALS---OP

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.232 <sup>a</sup>	.054	.040	.76904

a. Predictors: (Constant), Firm Industry Dummy, Firm Ownership Dummy, Passive Avoidant Leadership Styles, FA Dummy

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.361	4	2.340	3.957	.004 <sup>b</sup>
	Residual	164.414	278	.591		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Firm Industry Dummy, Firm Ownership Dummy, Passive Avoidant Leadership Styles, FA Dummy

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.830	.176		21.821	.000
	Passive Avoidant Leadership Styles	-.108	.050	-.128	-2.175	.030
	FA Dummy	.200	.109	.110	1.839	.067

Firm Ownership Dummy	.040	.138	.017	.292	.770
Firm Industry Dummy	-.328	.097	-.204	-3.367	.001

a. Dependent Variable: Organisational Performance

PALS—CC---OP

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.289 <sup>a</sup>	.084	.067	.75819	

a. Predictors: (Constant), Clan Culture, Firm Industry Dummy, Firm Ownership Dummy, Passive Avoidant Leadership Styles, FA Dummy

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.541	5	2.908	5.059	.000 <sup>b</sup>
	Residual	159.233	277	.575		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Clan Culture, Firm Industry Dummy, Firm Ownership Dummy, Passive Avoidant Leadership Styles, FA Dummy

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.223	.266		12.115	.000
	Passive Avoidant Leadership Styles	-.092	.049	-.109	-1.867	.063
	FA Dummy	.221	.108	.121	2.059	.040
	Firm Ownership Dummy	.010	.137	.004	.077	.939
	Firm Industry Dummy	-.316	.096	-.196	-3.287	.001
	Clan Culture	.160	.053	.175	3.002	.003

a. Dependent Variable: Organisational Performance

No moderation as moderator has significant impact on DV.

#### 4) AC ----TFLS---OP

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.440 <sup>a</sup>	.194	.182	.70997	

a. Predictors: (Constant), Firm Industry Dummy, Transformational Leadership Styles, Firm Ownership Dummy, FA Dummy

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.647	4	8.412	16.688	.000 <sup>b</sup>
	Residual	140.128	278	.504		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Firm Industry Dummy, Transformational Leadership Styles, Firm Ownership Dummy, FA Dummy

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.498	.211		11.822	.000
	TransformationalLeadershipStyles	.433	.059	.396	7.330	.000
	FA Dummy	.213	.100	.117	2.116	.035
	Firm Ownership Dummy	-.015	.128	-.006	-.115	.909
	Firm Industry Dummy	-.273	.089	-.170	-3.062	.002

a. Dependent Variable: Organisational Performance

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.440 <sup>a</sup>	.194	.179	.71122

a. Predictors: (Constant), Adhocracy Culture, Firm Industry Dummy, Firm Ownership Dummy, FA Dummy, Transformational Leadership Styles

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.657	5	6.731	13.307	.000 <sup>b</sup>
	Residual	140.118	277	.506		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Adhocracy Culture, Firm Industry Dummy, Firm Ownership Dummy, FA Dummy, Transformational Leadership Styles

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.518	.252		10.009	.000
	Transformational Leadership Styles	.436	.063	.398	6.945	.000
	FA Dummy	.212	.101	.116	2.100	.037
	Firm Ownership Dummy	-.012	.129	-.005	-.093	.926
	Firm Industry Dummy	-.273	.089	-.170	-3.060	.002
	adhocracy Culture	-.008	.058	-.008	-.143	.886

a. Dependent Variable: Organisational Performance

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.441 <sup>a</sup>	.195	.177	.71209

a. Predictors: (Constant), AC TFLS Moderator, FA Dummy, Firm Ownership Dummy, Transformational Leadership Styles, Firm Industry Dummy, Adhocracy Culture

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.821	6	5.637	11.116	.000 <sup>b</sup>
	Residual	139.953	276	.507		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), ACTFLS Moderator, FA Dummy, Firm Ownership Dummy, Transformational Leadership Styles, Firm Industry Dummy, Adhocracy Culture

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.479	.261		9.512	.000
	Transformational Leadership Styles	.440	.063	.402	6.959	.000
	FA Dummy	.210	.101	.115	2.083	.038
	Firm Ownership Dummy	-.011	.129	-.005	-.088	.930
	Firm Industry Dummy	-.266	.090	-.166	-2.946	.003
	Adhocracy Culture	-.003	.059	-.003	-.048	.962
	ACTFLSModerator	.016	.029	.032	.569	.570

a. Dependent Variable: Organisational Performance



## 5) AC ----TALS---OP

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.423 <sup>a</sup>	.179	.167	.71646

a. Predictors: (Constant), Firm Industry Dummy, Transactional Leadership Styles, Firm Ownership Dummy, FA Dummy

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.072	4	7.768	15.133	.000 <sup>b</sup>
	Residual	142.702	278	.513		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Firm Industry Dummy, Transactional Leadership Styles, Firm Ownership Dummy, FA Dummy

		Coefficients <sup>a</sup>				
Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	2.637	.205		12.890	.000
	Transactional Leadership Styles	.417	.060	.379	6.910	.000
	FA Dummy	.144	.102	.079	1.415	.158
	Firm Ownership Dummy	-.070	.129	-.030	-.544	.587
	Firm Industry Dummy	-.264	.090	-.164	-2.934	.004

a. Dependent Variable: Organisational Performance

## AC ----TALS---OP

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.423 <sup>a</sup>	.179	.164	.71762

a. Predictors: (Constant), Z score(Adhocracy Culture), Firm Industry Dummy, Firm Ownership Dummy, FA Dummy, Transactional Leadership Styles

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.127	5	6.225	12.089	.000 <sup>b</sup>
	Residual	142.648	277	.515		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Z score(Adhocracy Culture), Firm Industry Dummy, Firm Ownership Dummy, FA Dummy, Transactional Leadership Styles

		Coefficients <sup>a</sup>				
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.589	.252		10.284	.000
	Transactional Leadership Styles	.411	.063	.374	6.517	.000
	FA Dummy	.147	.102	.080	1.436	.152
	Firm Ownership Dummy	-.076	.131	-.032	-.579	.563
	Firm Industry Dummy	-.263	.090	-.163	-2.910	.004
	Adhocracy Culture	.019	.058	.019	.326	.745

a. Dependent Variable: Organisational Performance

## TALS\*Ac---OP

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.423 <sup>a</sup>	.179	.162	.71882

a. Predictors: (Constant), AC TALS Moderator, Firm Industry Dummy, Adhocracy Culture, Firm Ownership Dummy, FA Dummy, Transactional Leadership Styles

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.166	6	5.194	10.053	.000 <sup>b</sup>
	Residual	142.609	276	.517		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), ACTALS Moderator, Firm Industry Dummy, Adhocracy Culture, Firm Ownership Dummy, FA Dummy, Transactional Leadership Styles

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.576	.257		10.037	.000
	Transactional Leadership Styles	.413	.064	.375	6.498	.000
	FA Dummy	.148	.103	.081	1.445	.150
	Firm Ownership Dummy	-.075	.131	-.032	-.570	.569
	Firm Industry Dummy	-.261	.090	-.163	-2.891	.004
	Adhocracy Culture	.020	.058	.020	.340	.734
	ACTALSModerator	.009	.033	.015	.274	.784

a. Dependent Variable: Organisational Performance

AC----PALS---OP

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.232 <sup>a</sup>	.054	.040	.76904

a. Predictors: (Constant), Firm Industry Dummy, Firm Ownership Dummy, Passive Avoidant Leadership Styles, FA Dummy

ANOVA <sup>a</sup>					
Model		Sum of Squares	df	Mean Square	Sig.
1	Regression	9.361	4	2.340	.004 <sup>b</sup>
	Residual	164.414	278	.591	
	Total	173.775	282		

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Firm Industry Dummy, Firm Ownership Dummy, Passive Avoidant Leadership Styles, FA Dummy

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.830	.176		21.821	.000
	Passive Avoidant Leadership Styles	-.108	.050	-.128	-2.175	.030
	FA Dummy	.200	.109	.110	1.839	.067
	Firm Ownership Dummy	.040	.138	.017	.292	.770
	Firm Industry Dummy	-.328	.097	-.204	-3.367	.001

a. Dependent Variable: Organisational Performance

PALS\*Ac—OP

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.262 <sup>a</sup>	.069	.052	.76442

a. Predictors: (Constant), Adhocracy Culture, Passive Avoidant Leadership Styles, FA Dummy, Firm Ownership Dummy, Firm Industry Dummy

ANOVA <sup>a</sup>					
Model		Sum of Squares	df	Mean Square	Sig.
1	Regression	11.912	5	2.382	.001 <sup>b</sup>
	Residual	161.862	277	.584	
	Total	173.775	282		

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Adhocracy Culture, Passive Avoidant Leadership Styles, FA Dummy, Firm Ownership Dummy, Firm Industry Dummy

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.420	.263		13.026	.000
	PassiveAvoidantLeadershipStyles	-.105	.049	-.125	-2.132	.034
	FA Dummy	.215	.108	.118	1.980	.049
	Firm Ownership Dummy	-.003	.139	-.001	-.023	.982

Firm Industry Dummy	-0.314	.097	-.196	-3.242	.001
Adhocracy Culture	.123	.059	.123	2.090	.038

a. Dependent Variable: Organisational Performance

## 6) MC---TFLS---OP

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.440 <sup>a</sup>	.194	.182	.70997

a. Predictors: (Constant), Firm Industry Dummy, TransformationalLeadershipStyles, Firm Ownership Dummy, FA Dummy

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.647	4	8.412	16.688	.000 <sup>b</sup>
	Residual	140.128	278	.504		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Firm Industry Dummy, TransformationalLeadershipStyles, Firm Ownership Dummy, FA Dummy

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.498	.211		11.822	.000
	TransformationalLeadershipStyles	.433	.059	.396	7.330	.000
	FA Dummy	.213	.100	.117	2.116	.035
	Firm Ownership Dummy	-.015	.128	-.006	-.115	.909
	Firm Industry Dummy	-.273	.089	-.170	-3.062	.002

a. Dependent Variable: Organisational Performance

## MC---TFLS---OP

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.440 <sup>a</sup>	.194	.179	.71125

a. Predictors: (Constant), Market Culture, FA Dummy, Firm Ownership Dummy, Firm Industry Dummy, TransformationalLeadershipStyles

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.647	5	6.729	13.302	.000 <sup>b</sup>
	Residual	140.128	277	.506		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Market Culture, FA Dummy, Firm Ownership Dummy, Firm Industry Dummy, TransformationalLeadershipStyles

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.494	.268		9.314	.000
	TransformationalLeadershipStyles	.432	.062	.395	6.984	.000
	FA Dummy	.213	.101	.116	2.111	.036
	Firm Ownership Dummy	-.015	.129	-.006	-.117	.907
	Firm Industry Dummy	-.273	.089	-.170	-3.057	.002
	Market Culture	.002	.063	.001	.024	.981

a. Dependent Variable: Organisational Performance

## MC\*TFLS---op

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.440 <sup>a</sup>	.194	.176	.71249

a. Predictors: (Constant), MCTFLSModerator, FA Dummy, Firm Ownership Dummy, TransformationalLeadershipStyles, Firm Industry Dummy, Market Culture

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.664	6	5.611	11.052	.000 <sup>b</sup>
	Residual	140.111	276	.508		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), MCTFLSModerator, FA Dummy, Firm Ownership Dummy, TransformationalLeadershipStyles, Firm Industry Dummy, Market Culture

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.482	.277		8.967	.000
	TransformationalLeadershipStyles	.434	.062	.396	6.948	.000
	FA Dummy	.213	.101	.117	2.111	.036
	Firm Ownership Dummy	-.014	.130	-.006	-.110	.913
	Firm Industry Dummy	-.272	.089	-.169	-3.044	.003
	Market Culture	.003	.063	.003	.050	.961
	MCTFLSModerator	.005	.030	.010	.183	.855

a. Dependent Variable: Organisational Performance

## 7) MC---TALS---OP

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.423 <sup>a</sup>	.179	.167	.71646

a. Predictors: (Constant), Firm Industry Dummy, TransactionalLeadershipStyles, Firm Ownership Dummy, FA Dummy

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.072	4	7.768	15.133	.000 <sup>b</sup>
	Residual	142.702	278	.513		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Firm Industry Dummy, TransactionalLeadershipStyles, Firm Ownership Dummy, FA Dummy

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.637	.205		12.890	.000
	TransactionalLeadershipStyles	.417	.060	.379	6.910	.000
	FA Dummy	.144	.102	.079	1.415	.158
	Firm Ownership Dummy	-.070	.129	-.030	-.544	.587
	Firm Industry Dummy	-.264	.090	-.164	-2.934	.004

a. Dependent Variable: Organisational Performance

MC---TALS—OP

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.425 <sup>a</sup>	.181	.166	.71700

a. Predictors: (Constant), Market Culture, FA Dummy, Firm Ownership Dummy, Firm Industry Dummy, TransactionalLeadershipStyles

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.373	5	6.275	12.205	.000 <sup>b</sup>
	Residual	142.402	277	.514		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Market Culture, FA Dummy, Firm Ownership Dummy, Firm Industry Dummy, TransactionalLeadershipStyles

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.500	.272		9.208	.000
	TransactionalLeadershipStyles	.408	.062	.370	6.601	.000
	FA Dummy	.144	.102	.079	1.412	.159
	Firm Ownership Dummy	-.084	.131	-.036	-.642	.522
	Firm Industry Dummy	-.265	.090	-.165	-2.943	.004
	Market Culture	.047	.062	.043	.765	.445

a. Dependent Variable: Organisational Performance

MC\*TALS---OP

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.426 <sup>a</sup>	.181	.164	.71794

a. Predictors: (Constant), MCTALSModerator, Firm Industry Dummy , TransactionalLeadershipStyles, Firm Ownership Dummy, FA Dummy, Market Culture

ANOVA <sup>a</sup>					
Model		Sum of Squares	df	Mean Square	Sig.
1	Regression	31.514	6	5.252	.000 <sup>b</sup>
	Residual	142.261	276	.515	
	Total	173.775	282		

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), MCTALSModerator, Firm Industry Dummy , TransactionalLeadershipStyles, Firm Ownership Dummy, FA Dummy, Market Culture

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.541	.283		8.989	.000
	TransactionalLeadershipStyles	.406	.062	.368	6.551	.000
	FA Dummy	.135	.103	.074	1.308	.192
	Firm Ownership Dummy	-.092	.132	-.039	-.698	.486
	Firm Industry Dummy	-.262	.090	-.163	-2.903	.004
	Market Culture	.042	.063	.038	.667	.505
	MCTALSModerator	-.016	.031	-.030	-.523	.601

a. Dependent Variable: Organisational Performance

## 8) MC----PALS---OP

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.232 <sup>a</sup>	.054	.040	.76904

a. Predictors: (Constant), Firm Industry Dummy , Firm Ownership Dummy, PassiveAvoidantLeadershipStyles, FA Dummy

ANOVA <sup>a</sup>					
Model		Sum of Squares	df	Mean Square	Sig.
1	Regression	9.361	4	2.340	.004 <sup>b</sup>
	Residual	164.414	278	.591	
	Total	173.775	282		

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Firm Industry Dummy , Firm Ownership Dummy, PassiveAvoidantLeadershipStyles, FA Dummy

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.830	.176		21.821	.000
	PassiveAvoidantLeadershipStyles	-.108	.050	-.128	-2.175	.030
	FA Dummy	.200	.109	.110	1.839	.067
	Firm Ownership Dummy	.040	.138	.017	.292	.770
	Firm Industry Dummy	-.328	.097	-.204	-3.367	.001

a. Dependent Variable: Organisational Performance

## MC—PALS—OP

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.256 <sup>a</sup>	.065	.048	.76575

a. Predictors: (Constant), Market Culture, FA Dummy, PassiveAvoidantLeadershipStyles, Firm Ownership Dummy, Firm Industry Dummy

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.349	5	2.270	3.871	.002 <sup>b</sup>
	Residual	162.425	277	.586		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Market Culture, FA Dummy, PassiveAvoidantLeadershipStyles, Firm Ownership Dummy, Firm Industry Dummy

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.412	.286		11.919	.000
	Passive Avoidant Leadership Styles	-.100	.050	-.119	-2.014	.045
	FA Dummy	.196	.108	.108	1.810	.071
	Firm Ownership Dummy	.000	.139	.000	-.002	.998
	Firm Industry Dummy	-.326	.097	-.203	-3.366	.001
	Market Culture	.119	.065	.109	1.842	.067

a. Dependent Variable: Organisational Performance

## Full Moderation

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.339 <sup>a</sup>	.115	.096	.74654

a. Predictors: (Constant), MCPALSModerator, Firm Industry Dummy , Firm Ownership Dummy, PassiveAvoidantLeadershipStyles, Market Culture, FA Dummy

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.954	6	3.326	5.967	.000 <sup>b</sup>
	Residual	153.821	276	.557		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), MCPALSModerator, Firm Industry Dummy , Firm Ownership Dummy, PassiveAvoidantLeadershipStyles, Market Culture, FA Dummy

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.266	.282		11.595	.000
	PassiveAvoidantLeadershipStyles	-.124	.049	-.147	-2.535	.012
	FA Dummy	.238	.106	.130	2.242	.026
	Firm Ownership Dummy	.051	.137	.022	.374	.709

Firm Industry Dummy	-.336	.095	-.209	-3.553	.000
Market Culture	.154	.064	.140	2.413	.016
MCPALSModerator	.148	.038	.229	3.929	.000

a. Dependent Variable: Organisational Performance

## 9) HC----TFLS---OP

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.440 <sup>a</sup>	.194	.182	.70997	

a. Predictors: (Constant), Firm Industry Dummy , TransformationalLeadershipStyles, Firm Ownership Dummy, FA Dummy

ANOVA <sup>a</sup>					
Model		Sum of Squares	df	Mean Square	Sig.
1	Regression	33.647	4	8.412	.000 <sup>b</sup>
	Residual	140.128	278	.504	
	Total	173.775	282		

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Firm Industry Dummy , TransformationalLeadershipStyles, Firm Ownership Dummy, FA Dummy

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.498	.211		11.822	.000
	TransformationalLeadershipStyles	.433	.059	.396	7.330	.000
	FA Dummy	.213	.100	.117	2.116	.035
	Firm Ownership Dummy	-.015	.128	-.006	-.115	.909
	Firm Industry Dummy	-.273	.089	-.170	-3.062	.002

a. Dependent Variable: Organisational Performance

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.440 <sup>a</sup>	.194	.179	.71113	

a. Predictors: (Constant), Hierarchy Culture, FA Dummy, Firm Ownership Dummy, TransformationalLeadershipStyles, Firm Industry Dummy

ANOVA <sup>a</sup>					
Model		Sum of Squares	df	Mean Square	Sig.
1	Regression	33.694	5	6.739	.000 <sup>b</sup>
	Residual	140.081	277	.506	
	Total	173.775	282		

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Hierarchy Culture, FA Dummy, Firm Ownership Dummy, TransformationalLeadershipStyles, Firm Industry Dummy

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.449	.267		9.186	.000
	TransformationalLeadershipStyles	.428	.061	.391	7.008	.000
	FA Dummy	.216	.101	.118	2.132	.034
	Firm Ownership Dummy	-.019	.129	-.008	-.148	.883
	Firm Industry Dummy	-.277	.090	-.172	-3.070	.002
	Hierarchy Culture	.018	.058	.017	.305	.761

a. Dependent Variable: Organisational Performance

### Moderation between HC-----TFLS---OP

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.461 <sup>a</sup>	.212	.195	.70425	

a. Predictors: (Constant), HCTFLSModerator, FA Dummy, Firm Ownership Dummy, TransformationalLeadershipStyles, Firm Industry Dummy , Hierarchy Culture

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.888	6	6.148	12.396	.000 <sup>b</sup>
	Residual	136.887	276	.496		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), HCTFLSModerator, FA Dummy, Firm Ownership Dummy, TransformationalLeadershipStyles, Firm Industry Dummy, Hierarchy Culture

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.599	.271		9.607	.000
	TransformationalLeadershipStyles	.415	.061	.380	6.841	.000
	FA Dummy	.238	.100	.130	2.366	.019
	Firm Ownership Dummy	-.030	.127	-.013	-.234	.815
	Firm Industry Dummy	-.311	.090	-.194	-3.446	.001
	Hierarchy Culture	-.005	.058	-.005	-.081	.936
	HCTFLSModerator	-.078	.031	-.141	-2.538	.012

a. Dependent Variable: Organisational Performance

There is a moderation with TFLS

### 10) HC---TALS---OP

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.423 <sup>a</sup>	.179	.167	.71646

a. Predictors: (Constant), Firm Industry Dummy, TransactionalLeadershipStyles, Firm Ownership Dummy, FA Dummy

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.072	4	7.768	15.133	.000 <sup>b</sup>
	Residual	142.702	278	.513		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Firm Industry Dummy, TransactionalLeadershipStyles, Firm Ownership Dummy, FA Dummy

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.637	.205		12.890	.000
	TransactionalLeadershipStyles	.417	.060	.379	6.910	.000
	FA Dummy	.144	.102	.079	1.415	.158
	Firm Ownership Dummy	-.070	.129	-.030	-.544	.587
	Firm Industry Dummy	-.264	.090	-.164	-2.934	.004

a. Dependent Variable: Organisational Performance

HC—TALS—OP

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.423 <sup>a</sup>	.179	.164	.71774

a. Predictors: (Constant), Hierarchy Culture, FA Dummy, Firm Ownership Dummy, Firm Industry Dummy, TransactionalLeadershipStyles

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.077	5	6.215	12.065	.000 <sup>b</sup>
	Residual	142.697	277	.515		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Hierarchy Culture, FA Dummy, Firm Ownership Dummy, Firm Industry Dummy, TransactionalLeadershipStyles

Coefficients<sup>a</sup>



Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.621	.261		10.025	.000
	TransactionalLeadershipStyles	.415	.063	.377	6.567	.000
	FA Dummy	.145	.103	.080	1.414	.159
	Firm Ownership Dummy	-.072	.130	-.030	-.550	.583
	Firm Industry Dummy	-.265	.091	-.165	-2.911	.004
	Hierarchy Culture	.006	.059	.006	.099	.922

a. Dependent Variable: Organisational Performance

HC\*TALS---OP

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.423 <sup>a</sup>	.179	.161	.71891

a. Predictors: (Constant), HCTALSModerator, TransactionalLeadershipStyles, FA Dummy, Firm Ownership Dummy, Firm Industry Dummy, Hierarchy Culture

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.130	6	5.188	10.039	.000 <sup>b</sup>
	Residual	142.644	276	.517		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), HCTALSModerator, TransactionalLeadershipStyles, FA Dummy, Firm Ownership Dummy, Firm Industry Dummy, Hierarchy Culture

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.643	.271		9.755	.000
	TransactionalLeadershipStyles	.415	.063	.377	6.543	.000
	FA Dummy	.142	.103	.078	1.378	.169
	Firm Ownership Dummy	-.074	.131	-.032	-.568	.571
	Firm Industry Dummy	-.268	.092	-.167	-2.924	.004
	Hierarchy Culture	.003	.060	.003	.047	.963
	HCTALSModerator	-.011	.034	-.018	-.321	.749

a. Dependent Variable: Organisational Performance

### 11) HC---PALS---OP

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.232 <sup>a</sup>	.054	.040	.76904

a. Predictors: (Constant), Firm Industry Dummy, Firm Ownership Dummy, PassiveAvoidantLeadershipStyles, FA Dummy

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.361	4	2.340	3.957	.004 <sup>b</sup>
	Residual	164.414	278	.591		
	Total	173.775	282			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Firm Industry Dummy, Firm Ownership Dummy, PassiveAvoidantLeadershipStyles, FA Dummy

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.830	.176		21.821	.000
	PassiveAvoidantLeadershipStyles	-.108	.050	-.128	-2.175	.030
	FA Dummy	.200	.109	.110	1.839	.067
	Firm Ownership Dummy	.040	.138	.017	.292	.770
	Firm Industry Dummy	-.328	.097	-.204	-3.367	.001

a. Dependent Variable: Organisational Performance

HC---PALS---OP

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.258 <sup>a</sup>	.066	.050	.76532

a. Predictors: (Constant), Hierarchy Culture, PassiveAvoidantLeadershipStyles, FA Dummy, Firm Ownership Dummy, Firm Industry Dummy

		Coefficients <sup>a</sup>		Standardized Coefficients Beta	t	Sig.
Model		Unstandardized Coefficients B	Std. Error			
1	(Constant)	3.419	.276		12.401	.000
	PassiveAvoidantLeadershipStyles	-.106	.050	-.125	-2.136	.034
	FA Dummy	.220	.109	.121	2.024	.044
	Firm Ownership Dummy	.009	.139	.004	.065	.949
	Firm Industry Dummy	-.351	.098	-.218	-3.592	.000
	Hierarchy Culture	.116	.060	.114	1.925	.055

a. Dependent Variable: Organisational Performance

HC\*PALS---OP

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.374 <sup>a</sup>	.140	.121	.73580

a. Predictors: (Constant), HCPALSModerator, FA Dummy, Firm Ownership Dummy, PassiveAvoidantLeadershipStyles, Hierarchy Culture, Firm Industry Dummy

		Coefficients <sup>a</sup>		Standardized Coefficients Beta	t	Sig.
Model		Unstandardized Coefficients B	Std. Error			
1	(Constant)	3.480	.265		13.114	.000
	PassiveAvoidantLeadershipStyles	-.123	.048	-.145	-2.571	.011
	FA Dummy	.212	.105	.116	2.029	.043
	Firm Ownership Dummy	.042	.133	.018	.315	.753
	Firm Industry Dummy	-.325	.094	-.202	-3.459	.001
	Hierarchy Culture	.099	.058	.097	1.699	.090
	HCPALSModerator	.172	.035	.274	4.865	.000

a. Dependent Variable: Organisational Performance

Note: There is moderation between HC and PALS

## Appendix C: Outliers checking, using Z-Score

140ZZZZZ020048													VISION: 2/1 0/2/1/V
ZOC1	ZOC2	ZOC3	ZOC4	ZOC5	ZOC6	ZOC7	ZOC8	ZOC9	ZOC10	ZOC11	ZOC12	ZOC13	ZOC14
1.46222	1.24938	-60185	-75941	1.33738	1.19075	1.64572	-2.36304	1.76365	-1.52782	1.33412	.37115	.24502	1.59295
1.46222	1.24938	1.21130	1.11281	1.33738	1.19075	1.64572	1.44416	1.76365	1.51677	1.33412	1.30621	1.30876	1.59295
-.03069	-2.48300	-2.41499	-2.63164	-1.56823	-2.56191	-2.20786	-1.40374	-1.30215	-1.52782	-1.50329	-1.49895	-2.94620	-1.53819
-2.19630	-2.48300	-2.41499	-2.63164	-1.56823	-1.62374	.68232	.49486	.74172	-5.1296	.38832	.37115	-1.88246	-1.53819
-1.28167	-1.54990	-1.50842	-75941	-.59303	-1.62374	-.28107	.49486	.74172	-5.1296	.38832	.37115	1.30876	1.59295
1.46222	1.24938	-60185	.17670	-.59303	-.68558	-2.20786	-2.36304	.74172	.50191	1.33412	.37115	.24502	-1.53819
.54759	1.24938	1.21130	1.11281	.37218	1.19075	1.64572	1.44416	1.76365	1.51677	1.33412	1.30621	1.30876	1.59295
-.03069	-1.54990	.30473	1.11281	-1.56823	-2.56191	-.28107	-.45444	-1.30215	-1.52782	-1.50329	1.30621	1.30876	1.59295
-2.19630	-2.48300	-1.50842	-1.69553	-2.52344	-1.62374	-2.20786	-2.36304	-1.30215	-2.54269	-1.50329	-2.43401	.24502	.54923
1.46222	1.24938	1.21130	1.11281	1.33738	1.19075	1.64572	.49486	.74172	1.51677	1.33412	.37115	1.30876	-.49448
1.46222	1.24938	.30473	.17670	.37218	1.19075	-1.24447	-1.40374	-1.30215	-1.52782	-.55749	-1.49895	-1.88246	-2.58190
-.03069	.31629	-60185	1.11281	1.33738	1.19075	.68232	1.44416	.74172	1.51677	1.33412	1.30621	1.30876	1.59295
-2.19630	1.24938	1.21130	.17670	-.59303	1.19075	1.64572	1.44416	-1.30215	1.51677	-.55749	-1.49895	1.30876	-.49448
-2.19630	1.24938	1.21130	1.11281	1.33738	1.19075	1.64572	1.44416	1.76365	1.51677	1.33412	1.30621	1.30876	1.59295
1.46222	1.24938	1.21130	1.11281	1.33738	1.19075	1.64572	1.44416	1.76365	1.51677	1.33412	1.30621	1.30876	1.59295
.54759	.31629	1.21130	1.11281	.37218	1.19075	.68232	.49486	.74172	.50191	1.33412	.37115	.24502	.54923
-.36704	-1.54990	.30473	-1.69553	-1.56823	-1.62374	-1.24447	-1.40374	-.28022	-1.52782	-1.50329	-1.49895	.24502	.54923
-.36704	.31629	1.21130	1.11281	-.59303	.25259	-.28107	-.45444	-.28022	.50191	1.33412	.37115	1.30876	.54923
1.46222	1.24938	1.21130	1.11281	1.33738	.25259	-.28107	.49486	.74172	-5.1296	.38832	1.30621	-2.94620	-1.53819
-2.19630	-1.54990	-2.41499	-1.69553	-2.52344	-1.62374	-1.24447	-1.40374	-1.30215	-2.54269	-1.50329	-2.43401	.24502	.54923
.54759	.31629	-2.41499	-1.69553	.37218	-2.56191	-2.20786	-1.40374	-.28022	-1.52782	-.55749	1.30621	1.30876	-.49448
-2.19630	-1.54990	-2.41499	-2.63164	-.04569	-1.62374	-.28107	-2.36304	1.76365	-5.1296	1.33412	1.30621	1.30876	-.49448
-.36704	-.61681	-1.50842	-1.69553	-1.56823	-1.62374	-1.24447	-1.40374	.74172	-5.1296	-1.50329	-2.43401	-2.94620	-2.58190
.54759	.31629	.30473	1.11281	1.33738	.25259	.68232	.49486	.74172	1.51677	1.33412	.37115	-.81872	.54923
-1.28167	.31629	.30473	.17670	.37218	-1.62374	-.28107	-.45444	.74172	.50191	.38832	.37115	-1.88246	.54923
.54759	1.24938	1.21130	1.11281	1.33738	1.19075	1.64572	.49486	-1.30215	.50191	.38832	1.30621	1.30876	-1.53819
-2.19630	-2.48300	-2.41499	-2.63164	-1.56823	-.68558	-1.24447	-1.40374	-.28022	-1.52782	-.55749	-.56390	.24502	.54923
-1.28167	1.24938	.30473	.17670	.37218	.25259	1.64572	.49486	.74172	1.51677	.38832	1.30621	1.30876	.54923
.54759	-.61681	-1.50842	-1.69553	-1.56823	-1.62374	-1.24447	-1.40374	-.28022	-1.52782	-.55749	-.56390	-1.88246	-1.53819
1.46222	1.24938	1.21130	.17670	.37218	1.19075	.68232	.49486	-.28022	-1.52782	-1.50329	-2.43401	-1.88246	-2.58190
-2.19630	1.24938	1.21130	1.11281	1.33738	1.19075	.68232	1.44416	1.76365	1.51677	1.33412	1.30621	1.30876	1.59295
-.36704	-1.54990	-60185	1.11281	.37218	.25259	-.28107	.49486	-.28022	-1.52782	-.55749	-.56390	1.30876	-1.53819
1.46222	.31629	1.21130	1.11281	1.33738	.25259	.68232	1.44416	-.28022	-5.1296	.38832	1.30621	-2.94620	-1.53819
-2.19630	-2.48300	-2.41499	-2.63164	-1.56823	-1.62374	-1.24447	-1.40374	-1.30215	-1.52782	-.55749	.01466	.24502	1.59295
-1.28167	.31629	.30473	.17670	.37218	1.19075	1.64572	1.44416	.74172	.50191	.38832	1.30621	1.30876	1.59295
-1.28167	.31629	-.60185	.17670	-.59303	.25259	.68232	.49486	.74172	-.03764	.38832	.37115	-.81872	.54923
1.46222	1.24938	1.21130	1.11281	1.33738	1.19075	1.64572	1.44416	1.76365	1.51677	1.33412	1.30621	1.30876	1.59295